

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

AUTHORIZATION FOR SIGNING OF BILLS, RESOLUTIONS, ETC.

Mr. BARKLEY. Mr. President, I ask unanimous consent that during the intervening time between now and Thursday the Vice President may sign bills and resolutions ready for his signature; that the Secretary of the Senate may receive messages from the House of Representatives, and that all committees may be authorized to make reports on bills, resolutions, and nominations.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADJOURNMENT

Mr. BARKLEY. I move that the Senate adjourn, under the order just made.

The motion was agreed to; and (at 6 o'clock and 40 minutes p. m.) the Senate adjourned, the adjournment being under the order previously entered, until tomorrow, Wednesday, April 12, 1939, at 2:15 o'clock p. m.

HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 11, 1939

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, hallowed be Thy name; behold us with Thine eyes, whose power is in their love, and enable our innermost selves to triumph over weak and sinful tendencies. In these times of pressure and disturbance, we pray for the manifestation of the sons of God, for men who have no wasted energies and no contagion of weariness but who are endued with the affirmation of a great faith, for men who walketh not in the counsel of the ungodly but whose delight is in the law of the Lord. They shall be like trees planted by the rivers of water that bringeth forth their fruit in their season. O God, we beseech Thee to enrich our lives by the flowing streams of the River of Life. In the blessed name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. JONES of Texas. Mr. Speaker, I ask unanimous consent to have printed in the Record an address delivered by my colleague the gentleman from Missouri [Mr. CANNON] over the N. B. C. network on the subject of parity payments. The gentleman from Missouri is chairman of the agricultural subcommittee of the Committee on Appropriations.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. FADDIS. Mr. Speaker, I ask unanimous consent that on Thursday next, after the reading of the Journal, the disposition of business on the Speaker's table, and the completion of the legislative business for the day, I may address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE ON INDIAN AFFAIRS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent that a subcommittee of the Committee on Indian Affairs may sit during the session of the House today.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

EXTENSION OF REMARKS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the Record by including therein a brief discussion by the vice

president of the General Motors Export Corporation on Industry's Stake in an Export Market for American Farm Products.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

FOREIGN TRADE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, the announcement in this morning's press that the administration was about to negotiate barter arrangements with certain foreign countries as a means of exchanging surplus cotton and grains for rubber and tin indicates that at last the administration is about to take a practical and realistic view of foreign trade, such as the Republican minority has long advocated.

In criticizing the present trade-treaty program under which our tariffs on competitive foreign products have been drastically reduced without guaranteeing compensating foreign markets for American surpluses I have contended that the only real justification for foreign trade was to exchange our surpluses for the things we need but do not produce ourselves. Only in this way can foreign trade be carried on to mutual advantage and without injury to domestic agriculture, industry, or labor.

We normally offer a free market for two-thirds of our imports, which are made up largely of noncompetitive products. It is proper that we should require other countries to take our surpluses in exchange for the products we need to buy of them, and which we allow to enter our market duty free.

It has been apparent for some time that the idealistic and economically disadvantageous trade-treaty program was breaking down. Now it is being sabotaged by the administration itself. American farmers have become the most vehement critics of the program, having been "sold down the river" through sharp tariff reductions on foreign farm products without any increased foreign market for American agricultural products being gained. Opposition to the program in Congress is no longer confined to the Republican minority.

The first evidence that the administration realized the failure of the treaty program was when the proposals for export subsidies on cotton and wheat were advanced, which are the very antithesis of the Hull reciprocity program. Next was the imposition of countervailing duties on subsidized German exports, which, while mandatory under provisions of the Republican Tariff Act of 1930, was, nevertheless, inconsistent with the administration's previous policy of leading the way in the reduction of trade barriers. And now comes the last straw—barter—which, like the export subsidy proposal, is directly contrary to the principles of the present reciprocity program and more in line with the bilateral treaty policy which the administration has heretofore strenuously opposed—yes, even condemned.

While the new barter proposal is limited only to the exchange of certain items needed for national defense, the fact is that if it is sound for that limited purpose it is sound as regards our entire foreign trade. The present trade treaties, which involve only mutual tariff reductions, guarantee us no increased foreign markets. Foreign countries are neither obligated to buy our goods or pay us their war debts in return for our surrender to them of our rich home market. Only by barter are definite export markets assured for American surpluses. In my remarks of February 16, 1939, dealing with the trade-treaty program, I called the attention of the House to the fact that despite Secretary Hull's attempts to convert the world to his trade-treaty policy, involving most-favored-nation treatment, most countries were proceeding along the lines of bilateral trading, which the administration has now been forced to accept.

It is of interest to note that if the proposed barter agreements are entered into they will be subject to Senate ratifi-

cation, as in the case of ordinary treaties. The fact that the present reciprocal trade treaties are not subject to ratification or approval by either branch of Congress has been one of the chief criticisms of the Hull reciprocity program.

The reversal of its foreign-trade policy is just another instance of where the administration has been obliged to retreat from and scuttle a major part of its program because of failure or public repudiation. [Applause.]

EXTENSION OF REMARKS

Mr. TAYLOR of Tennessee. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein a statement by former President Hoover on the subject of President Roosevelt's foreign policy.

The SPEAKER. Without objection it is so ordered.

There was no objection.

Mr. REED of New York asked and was given permission to extend his own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent that on Wednesday of next week after the disposition of the legislative business of the day the gentleman from Ohio [Mr. JENKINS] may address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

EXTENSION OF REMARKS

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD by including therein a brief article written by Paul Mallon.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. SECCOMBE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address by the Honorable Graves Williams.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

THE NATIONAL LABOR RELATIONS BOARD

Mr. ANDERSON of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. ANDERSON of Missouri. Mr. Speaker, during the last 2 years I have frequently pointed out numerous examples of high-handed and unjustifiable conduct on the part of the National Labor Relations Board. The conduct of this Board has been such as to stir up Nation-wide interest in discovering, if possible, just what ends the Board is serving and what influences are responsible for its decisions. Some time ago I offered a resolution calling for a committee of this House to make a full and thorough investigation of the Labor Board and its officials. As another reason why that resolution should be adopted I want to remind you that—

ABUSE OF THE SMALL-BUSINESS MAN BY THE NATIONAL LABOR RELATIONS BOARD

Several days ago I called attention to what I believed to be a miserable failure on the part of the National Labor Relations Board in the conduct of a case against the Oil Well Manufacturing Co., of Los Angeles, Calif.

At that time I explained that this was a very small company, having only 12 production employees, and that the filing of a complaint by the Board in the case of one George Falardeau, which was subsequently dismissed because no investigation had been made by the Board, had cost this little company many hundreds of dollars in needless expense.

In that same complaint the company was charged by the Labor Board with also firing Ethan E. Harris because of labor activities.

Here is a summary of what happened: In June 1937 the workers of the plant organized what was known as the Employees Mutual Benefit Association, and as a group held a

meeting with a Mr. Clarence White, the president, in his office. They asked an increase of 5 cents per hour for 3 months until the men reached a minimum of a dollar an hour and time and a half for all time over 40 hours per week.

Mr. White told the men that he could not pay the dollar per hour, and the men then left his office. A few minutes later he joined the employees in back of the plant and told them he would grant a 5-cent-an-hour increase, but that it was for them to decide whether they wanted time and a half for over 40 hours or time and a third as they were then getting. He explained that it would be impossible to work the men overtime at a time-and-a-half rate. He thereupon went to his office and the men returned a short time after and told him they would accept the 5-cent-an-hour increase and preferred to be able to work overtime and would accept time and a third for overtime. This all occurred within the period of an hour.

There is no contradictory evidence in the record. White also told the men that it was up to them whether they had an organization or not. He had no interest in the matter. He also told them that no man had jeopardized his position by participating in the controversy. It must be remembered that there were only 12 employees engaged in production at this company. Harris was the spokesman for the men.

There is no evidence, nor was it alleged that White made any effort to interfere with the men's right to organize. Even the witnesses for the Board pointed out that he had never raised any question as to whether they belonged to one union or another.

But the trial examiner, in his intermediate report made April 12, 1938, said that the respondent had discouraged organizational activities, when at the June meeting he stated he preferred to deal with the men individually rather than collectively and that he considered the action of all of them meeting with him mob tactics, and that White later discharged Harris because "in a large part by his resentment against Harris as the personification, in White's mind, of gangster and mob tactics of the association."

Now, at best there is no basis for the conclusion reached by the trial examiner in finding that White discouraged organizational activities by saying that his men were ganging up on him. Three witnesses other than Harris testified that Mr. White at the meeting said he thought the men were ganging up on him by all coming in instead of having a representative or committee. Six other witnesses, all of whom were at the meeting, testified that he made no such statement.

Two witnesses beside Harris testified that White stated a preference for dealing with the men individually, while six testified that he made no such statement.

Now, the respondent, Mr. White, discharged Mr. Harris in July after he had caused the company an actual loss of \$190 in some machine metal work he was doing, thereby causing a delay in one of the company's foreign orders. It was shown further that Harris had been absent from work 40 full working days, 10 half days, and on 9 occasions left early during his 10 months of employment at this company.

It was shown that he ate his lunch during working hours and rang in on the time clock and went out on company time and sought employment at another plant in the neighborhood. It was also shown that Harris was warned about his absences and about his work. He was a shell-shocked veteran of the war and was drawing compensation. It was further shown that he made much noise in the plant and Mr. White and the superintendent testified that they considered it dangerous to the other employees to keep him there.

Yet the trial examiner says that Harris was fired for organizational activities when virtually all the workers testified that they knew Harris had ruined the job for which he was discharged. One comes to the conclusion after reading the full transcript of this case that it was the general impression of the workers that Harris should have been fired for poor workmanship. Harris himself expected to be fired for his poor workmanship because he testified that he stated to the superintendent, "If you hear Mr. White is going to discharge

me, let me know so I can keep my record clear." The superintendent testified, and it was not denied by any witness, that Harris told him he would not blame Mr. White for discharging him because of poor workmanship. Yet the trial examiner concludes that Harris was fired for organizational activity.

This case presents a most serious problem for the small manufacturer. Mr. White happens to be one of those fellows who has made his the hard way, starting as a mechanic himself, later hiring a helper and going on from there. He rode through the depression with the assistance and indulgence of his creditors and is now on the way back to a point where he is furnishing employment for 23 people. The employees testified that he was most reasonable and considerate in his demands of them.

This employer is fighting this case because of the principle involved. He does not believe it to be for the safety and happiness of the other workers to have a fellow like Harris around, and he so testified. It was conclusively proved that Harris was unreliable, missed many days of work, and ruined a job which caused financial loss to the company.

This employer really cannot afford to fight this case. Unquestionably it has cost him several thousands of dollars in expenses such as the cost of a transcript, lawyer's fees, and traveling expenses to and from Washington to appear before the Board to defend himself. I would venture that this amount of money represents more than a year's profit from his business. Yet he is carrying on because he feels that his rights are being invaded by the unscrupulous action of the Labor Relations Board. And I agree with him. By no stretch of the imagination can I understand how the trial examiner reached such an unwarranted conclusion after reading 490 pages of the transcript. This is just another example of the Labor Board's abuse of assumed authority. We must correct this situation before it is too late. We must protect the small-business man. [Applause.]

EXTENSION OF REMARKS

Mr. LEWIS of Ohio. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include therein an editorial published in the *Bellaire Daily Leader* on April 5.

The SPEAKER. Without objection, it is so ordered. There was no objection.

THE LATE HONORABLE WILLIAM O. BARNARD, MEMBER OF CONGRESS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered. There was no objection.

Mr. SPRINGER. Mr. Speaker, I rise to report the death of a former Member of this House, the Honorable William O. Barnard, of the Tenth Congressional District of Indiana. Judge Barnard died on Saturday last and was buried on yesterday. I learned of his death only this morning.

Judge Barnard was a Member of the Sixty-first Congress. He was a judge in the State of Indiana for many years and was a practicing attorney during all of his life except when he was holding public office.

His service to his State and Nation was outstanding. He was a good citizen and a man of splendid character. He was one of those fine individuals to whom we can reflect with pride after he is gone.

MR. TREADWAY, THE OPTIMIST

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Mr. Speaker, we have just listened to the gentleman from Massachusetts [Mr. TREADWAY] praise the administration's proposal to exchange American farm products with foreign countries for "rubber and tin," or as he expressed it, "the things we need but do not produce ourselves."

Whenever the gentleman from Massachusetts [Mr. TREADWAY] rises to congratulate a Democratic administration, I am always reminded of the old adage, "Beware of the Greeks when they come bearing gifts."

To say the least of it, his expressions amount to little, if anything, more than damning the administration with faint praise. He is very optimistic in his expression of approval of the exchange of certain farm products produced in this country for foreign goods, so long as those goods do not compete with articles produced in Massachusetts. That is characteristic of him and of the school of thought he represents. He is willing for us to trade with anybody who does not produce goods in competition with his favored manufacturers. So long as our exports are exchanged for goods that are not produced by the tariff barons of New England, the distinguished gentleman from Massachusetts becomes a natural-born optimist in expressing his desire for the success of such a program. But let anything be suggested that would break the strangle hold of these tariff barons who have robbed the American consumers, and especially the American farmers, for the last 75 years, and you will hear loud and vociferous protests from the distinguished gentleman from Massachusetts [Mr. TREADWAY].

He reminds me of the Negro's definition of an optimist.

He said to some of his colored friends, "I is a optimist."

Another Negro asked, "What is a optimist?"

He said, "A optimist is a fellow dat don't give a damn what happens, so it don't happen to him." [Laughter.]

The gentleman from Massachusetts [Mr. TREADWAY] is just such an optimist. He is willing to do anything in God's world for the American farmer so long as it does not do the farmer any good whatsoever or take away a penny's profit from the tariff barons of New England; or deprive them of the power to rob and plunder the helpless masses of the American people through the burdensome taxes they now bear in the form of high protective tariffs.

The gentleman from Massachusetts is the ranking Republican member on the Ways and Means Committee, and is living in hope that the country will suffer a political precipitation next year and give his party a majority in the House. If such a calamity should happen, he would become the chairman of the Committee on Ways and Means. Then if his party should follow his leadership, the farmers as well as the small-business men and the laborers of the South, the West, and the Middle West would stand just about as much chance to get even the crumbs that would fall from the table as Lazarus did at the banquet of Dives.

Tariffs and monopolies, including the money monopoly that controls our financial system, are responsible for our present troubles. The Republican high protective tariff did more to distort our economic structure and bring on the crash of 1932-33 than all other influences combined. And there is no man in public life more responsible for that condition, so far as ability goes, than the distinguished gentleman from Massachusetts [Mr. TREADWAY].

He was not only a Member of Congress, but he was one of the ranking members of the Committee on Ways and Means during all the tragic years of the Harding-Coolidge-Hoover regime.

Let us see what was done during that administration and what effect it had. In 1920 the Republican Party coordinated all the elements of discontent and dissatisfaction growing out of the World War, camouflaged their real intentions behind a smoke screen of abuse and misrepresentation, and swept into power by the largest majority any political party had ever received up to that time.

They immediately placed upon the statute books of this Republic the highest protective tariff law ever known in times of peace. A tariff is an indirect tax; it taxes one man for the benefit of another—uses the power of government to enrich favored individuals and favored special interests. It is simply thievery within the law.

They levied tariffs on everything the poor man has to buy, from the swaddling clothes of infancy to the tombstone that

marks his last resting place. They actually put a tariff on tombstones, or on the marble from which they are made.

Yet when some of the western Republicans begged for a tariff on cowhides, of which shoes are manufactured in Massachusetts, the Old Guard Republicans from that section of the country voted it down.

They were not willing to give the farmers even the crumbs that fell from the tariff table. They were taking care of the interests that had put up the campaign funds.

One farmer during those years said that he took a cowhide to town and sold it for practically nothing. He then went around to a merchant and bought a hamestring, and paid more for the hamestring than he got for the hide.

One of the ablest men who appeared in this Capitol during those days represented the Fair Tariff League. He showed that the tariff was costing the American people \$4,000,000,000 a year, and that of that \$4,000,000,000 only \$600,000,000 went into the Federal Treasury, while \$3,400,000,000 went into the pockets of the beneficiaries of the tariff law—the tariff barons the gentleman from Massachusetts [Mr. TREADWAY] is so anxious to protect.

Those tariffs bled the farmers of this country white; they were compelled to pay so much more for the things they had to buy in proportion to the prices received for the things they had to sell that they soon found themselves on the way to bankruptcy; and when their buying power was destroyed, our economic structure collapsed.

It is true that in order to placate the farmers they showed their contempt for their intelligence by placing a tariff of 42 cents a bushel on wheat, knowing that we were shipping out about 200,000,000 bushels more wheat each year than was being shipped into the country. That was just like building a dam to keep water from flowing upstream. During those years wheat was 10 cents a bushel higher in Winnipeg, Canada, than it was in Minneapolis, Minn., because of the fact that the Canadians had more reasonable freight rates and could exchange their farm commodities for manufactured articles produced in other countries without having to pay the artificially high prices imposed upon our people by the Republican high protective tariff.

They sold war materials that had been purchased by the Democratic administration during the last years of the World War, and which were no longer needed, since the war was over, turned the money into the Treasury, and took credit for reducing the foreign debt to that extent, when, as a matter of fact, the current revenues were not sufficient to balance the Budget.

They also reduced the income taxes in the higher brackets, thereby taking the taxes off of those swollen fortunes that had been made by war profiteers—coined, if you please, from the blood and tears of the suffering men and women of the world.

Not satisfied with that, they paid back hundreds of millions, if not billions, of dollars to the big income-tax payers, even at a time when our economic structure was on the verge of collapse; and in order to gratify the cupidity of certain international bankers, who are now busy trying to drag us into another war in Europe, they refunded the foreign debts, and in doing so reduced the interest rates so far below the rates we were paying on our outstanding bonds that we lost \$6,200,000,000 in the transaction.

In other words, they gave a bonus to our European debtors and the international bankers who held their securities of \$6,200,000,000 at a time when hungry ex-service men were appealing in vain for the payment of their adjusted-service certificates.

European countries immediately manifested their ingratitude by repudiating the entire debt, being encouraged to do so by these international bankers, who have profited by that repudiation, and denounced the United States as "Uncle Shylock."

The gentleman from Massachusetts [Mr. TREADWAY] was very optimistic during those glorious days of what they termed "Republican prosperity," when the very things they

were doing were bound to culminate in the economic wreck that overtook us in 1932.

Their high protective tariff laws not only robbed the farmer of everything he made and destroyed his buying power but it provoked retaliation on the part of other countries, and caused them to raise retaliatory tariff walls, impose quotas, inspection fees, import permits, and dozens of other restrictions against our trade, until by 1932 the very map of the world had become, as it were, a barbed wire entanglement of these barriers, behind which world trade had become stagnant and world commerce had become paralyzed.

Our farmers had no buying power, their economic vitality was gone; they had been robbed until they had nothing left. Manufacturing establishments had their warehouses packed with goods they could not sell and our circulating medium through the control of the Federal Reserve System had been reduced below the danger point, while they were financing a jamboree on the stock market, the most gigantic saturnalia of legalized robbery ever perpetrated under the eyes, and with the consent, of a national administration; when every intelligent man knew that the crash was bound to come and that the stocks being offered invariably were not worth much more than the paper they were printed on.

When the crash finally came and left this country in the worst condition it has ever known, something had to be done to save us from revolution.

Whether the present administration's spending program was the proper course or not, certainly the members of the Republican Old Guard should be the last ones on earth to criticize it.

But the shocking thing about it now is that they are gradually making themselves believe they are coming back into power next year, with no intention of relieving the very diseases that produced our present troubles. Instead of that, they would probably attempt to cure them by raising high tariffs higher, as they did during the Harding-Coolidge-Hoover regime, and make things infinitely worse. I am confident that would be the course pursued if the gentleman from Massachusetts [Mr. TREADWAY] could have his way.

Of course, I want to see American farm products exchanged for tin, rubber, and all other commodities. Why limit the exchange to tin and rubber? The gentleman from Massachusetts wants that done in order to prevent the reduction of the tariffs that, as I said, are bleeding the American farmers to death.

We are finding ourselves ingloriously isolated and stewing in our own misery because of our refusal to exchange our raw materials for the finished products of other countries. A manufacturer in England, France, Holland, Germany, Italy, or even Russia, or any other country, can take a carload of manufactured articles, from typewriters to sewing machines, from electric refrigerators to dishpans, to South America, or Central America, or to Canada and exchange them for the very raw materials we produce in this country for approximately one-third or one-half of the price we would ordinarily have to pay for the same articles. In that way the farmers of Central and South America are getting rid of their cotton, their cattle, their hides, their hogs, their dairy products, their sugar, their lumber, and all the other raw materials they produce, and getting approximately twice as much for them, and invariably three or four times as much, in exchange for manufactured articles as the farmers in this country are getting.

And the farmers of Canada are exchanging their wheat, cattle, lumber, and other raw materials for European-made goods in the same way, with the result that the people, and especially the farmers, in Central and South America and in Canada, are prospering all out of proportion to the degree of prosperity enjoyed by the farmers of the United States.

But we cannot exchange our raw materials for their manufactured articles because of the tariff, which the gentleman from Massachusetts [Mr. TREADWAY] would preserve; and we never can have uniform prosperity throughout this country as long as these tariff walls exist.

Rather than to give us relief, the beneficiaries of these iniquitous tariff laws would join the international bankers who are trying to kick up a European war and then drag us into it.

The gentleman from Massachusetts [Mr. TREADWAY] and other tariff advocates from that State tell us they do not want to trade with Germany because of its dictatorship. I have no sympathy with dictators, but I submit it is none of our business to try to regulate the international affairs of other countries.

Besides, the world is run by dictators today—outside of the United States. There is not a democracy in Europe, with the possible exception of the British Empire—if we want to call that a democracy.

There is not a democracy in Central or South America. Every single one of those countries is governed by a dictatorship or by a system of fascism, if you want to call it that, and not by representative government such as we have in the United States.

Spain has now joined the totalitarian states of Europe. Portugal has been with them from the beginning. Every country in South America is settled by Spanish people, who speak the Spanish language, with the exception of Brazil and Haiti.

Brazil speaks Portuguese and Haiti speaks French. Haiti is a Negro country and can have very little influence in the economic affairs of the world. Brazil has recently abolished its republican form of government and established a Fascist system so much like the one now existing in Italy that you can hardly tell one from the other. They not only abolished their senate and house of representatives, but they destroyed every state government.

The people of South America are going to trade with Spain and Portugal, and with Italy, Germany, England, France—or with any other country that will trade with them on reasonable terms. Canada has the British Empire as a market for her raw materials, which she can exchange for manufactured articles of all kinds.

That leaves the United States isolated economically behind her supertariff walls built by the Harding-Coolidge-Hoover regime, while our farmers are selling their products far below the cost of production, and many of them abandoning their farms and seeking the relief rolls.

It is cruel and inhuman to tell the farmers of this Nation that the way to raise prices of what they sell is to plunge this Nation into a devastating war—a war that nobody wants except a few international agitators. The American farmers do not want temporary relief at the sacrifice of the blood of their sons. Another war would probably complete the destruction of our civilization and would undoubtedly wipe out what vestige of democracy, or representative government, we have left. Besides, European nations do not want a war with us, nor do they want a war with each other. If the international agitators in this country will stop their propaganda through the newspapers and over the radio, stop trying to stir up trouble, European differences will be adjusted gradually and the world will move forward into a new era of peace.

If arrangements could be made to give the American farmer the same privileges that are accorded to the Mexican farmer, the Brazilian farmer, and the Canadian farmer to exchange his raw materials for all kinds of manufactured articles, made in foreign countries, then we would have a return of prosperity that everybody could enjoy.

Such a condition will never be brought about if we have to depend upon such "optimistic" statesmen as the distinguished gentleman from Massachusetts [Mr. TREADWAY], the Republican leader of the high tariff barons in the Congress of the United States. Like the gentleman from Massachusetts [Mr. TREADWAY], these tariff barons are also optimists, such as the Negro described, who "don't give a damn what happens so it don't happen to them." [Applause.]

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had adopted the following resolution:

Senate Resolution 119

Resolved, That the secretary invite the Members of the House of Representatives to attend the funeral of Hon. James Hamilton Lewis in the Senate Chamber on Wednesday, April 12, 1939, at 2:30 o'clock p. m., and to appoint a committee to act with the committee of the Senate; and be it further

Resolved, That invitations be extended to the President of the United States and the members of the Cabinet, the Chief Justice and Associate Justices of the Supreme Court of the United States, the Diplomatic Corps (through the Secretary of State), the Chief of Staff of the Army, the Chief of Naval Operations of the Navy, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard to attend the funeral in the Senate Chamber.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

- S. 754. An act for the relief of J. G. Mayfield; and
- S. 1253. An act for the relief of John B. Dow.

NATIONAL HOUSING ACT

Mr. SABATH. Mr. Speaker, I call up House Resolution 155, for immediate consideration.

The Clerk read as follows:

House Resolution 155

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 5324, a bill to amend the National Housing Act, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. SABATH. Mr. Speaker, this resolution makes in order the bill H. R. 5324, to amend the National Housing Act. It is a liberal rule, allowing 3 hours' general debate, after which the bill will be considered under the 5-minute rule. It cannot be charged, by the minority leader or anyone else, that this is a stringent rule.

This bill extends the life of the National Housing Act to July 1, 1941, and restricts insurance on loans to banks, trust companies, and building and loan associations to \$2,500, as against the existing \$10,000 maximum. It also limits the total liability to \$100,000,000 and confines loans to 3 years and 32 days.

Section 2 provides a premium charge for insurance hereafter granted, and section 203 limits the aggregate amount of principal obligations of all mortgages insured to \$3,000,000,000, subject to increase to \$4,000,000,000 with the approval of the President.

The F. H. A. is well on its way toward being self-sustaining. Income from its mutual mortgage insurance system during the next fiscal year will be sufficient to pay its operating expenses and leave a substantial surplus to be added to the insurance reserve funds.

Over 8,000,000 persons—estimating four and a fraction to the family—have been provided with improved housing through the use of private capital under the F. H. A. plan.

Testimony is to the effect that of 360,000 loans made only 425 were later subject to foreclosure, and on these only \$160,000 was lost. This is an excellent record.

Approximately 100,000 single-family homes were built under the F. H. A. plan during the past year.

The F. H. A. has been described editorially as the spark plug of recovery. While other industries were lagging, the residential construction industry, stimulated by the F. H. A. amended program of February 1938, showed a remarkable revival. And I have figures to support this statement.

For the first time in history we have an agency, the F. H. A., to which the inexperienced layman may go for guidance and protection when he buys or builds a home. It protects him against usurious interest rates, the second mortgage racket, and all the other discredited devices which contributed so largely to the collapse of the real-estate market in the early thirties.

Real estate boards throughout the country are urging passage of this bill, emphasizing that it not only provides work for thousands, but stimulates the raw material markets and aids business generally.

The minority report criticizes this bill as keeping the Government in the real-estate mortgage business. One of the best replies to that is an editorial in the Chicago Daily Times which points out that the "F. H. A. is based upon a happy blending of government and business," that private financial institutions provide the money, insured by F. H. A., and would-be home owners, real-estate dealers and others, increase the value of buildings, with benefits shared widely by banks with idle capital, building supply dealers and others.

Despite this—

States the Times—

authorization for an increase of a billion dollars in the total F. H. A. insured loans * * * faces a serious fight on the floor.

The answer is given in the same editorial, which points out that—

This apparently incomprehensible circumstance arises primarily from the fact that building and loan institutions throughout the country resent the F. H. A. limitation of 5 percent interest upon such loans and fear that competition for these investments may drive the rates even lower.

I quote further from the editorial:

What is of vital importance, however, is the whole effect of the F. H. A. program. In many ways the whole hope of a deep-rooted recovery of our entire economic system revolves about a sweeping revival of the building industry. In the face of that a temporary 1 or 2 percent difference in the return upon a billion dollars is a ridiculous quibble.

To appreciate the key position held by the construction industry in our hopes for recovery it is necessary to look back over the past a bit. Just to make it a thumbnail sketch, let's stick this side of 1870—about the time the Nation recovered from the effects of the Civil War.

From 1870 to 1914 was a period of tremendous expansion in America. The West had been tied to the East by railroads, and all its vast mineral and agricultural wealth gave a tremendous stimulus to every type of industry. Our population was increasing at a prodigious rate.

All of our energies were at work in building a nation. Cities doubled and redoubled in size. The railroad and shipping industry expanded enormously. Every cent of our available capital was kept at work providing bigger and bigger industrial establishments.

WORLD WAR GAVE US BIG BOOM

Then came the World War. Our industrial pace, after a few months of slump, again was stepped up to an ever-growing capacity to supply fighting nations with war supplies and the rest of the world with goods normally supplied by those at war. This constantly increasing demand for production capacity, extending several years after the war until other nations recovered, again kept all our capital at work—and men, too.

The automobile, with its huge stimulus to steel, rubber, and a score of allied industries, the job of building a million miles of highways, and radio, then picked up the task and carried us along until the formula ran its dizzy course in 1929.

Today the job of building our Nation is basically complete. Population is increasing yet, but at a crawl compared to pre-war days. Other nations are industrially self-sufficient, or approaching it. Foreign markets are tied up with nationalistic jealousies and monetary exchange difficulties. The markets for automobiles and radios are sharply reduced because so many persons already own them.

What, then, is to put idle money and idle men to work? The only giant unsatisfied need, offering hopes of pulling all industry with it, is for new housing. Others may come along. The gradual forcing of greater buying power into many more hands eventually may do the trick. But the immediate hope lies in housing.

F. H. A. is the spark plug of this recovery movement. In Illinois alone the volume of applications for loans has reached \$70,000,000 monthly. Nationally the demand is for hundreds of millions. It is utterly inconceivable that Congress could let anything now serve to choke off this growing stream of recovery with all that it means to the Nation.

I want to include in the extension of my remarks a tabulation the F. H. A. has submitted to me, which lists by States the amounts of insured loans for property improvement and insured mortgage loans on small homes. This is a record of splendid accomplishment, long to be remembered, and I recommend that the Members look it over.

Federal Housing Administration

State	Insured loans for property improvement		Insured mortgage loans on small homes		Total	
	Title I		Title II		Number	Amount
	Number	Amount	Number	Amount		
Alabama	16,913	\$5,628,621	3,705	\$13,229,685	20,618	\$18,858,306
Arizona	12,824	5,543,956	2,210	7,827,546	15,034	13,371,502
Arkansas	12,786	4,666,469	2,578	7,469,610	15,364	12,136,079
California	268,007	104,038,092	67,162	284,527,796	335,169	388,565,888
Colorado	10,777	4,052,974	3,088	10,655,468	13,865	14,708,442
Connecticut	30,987	12,788,928	3,111	15,246,045	34,098	28,034,973
Delaware	3,987	1,909,831	798	3,954,300	4,785	5,864,131
District of Columbia	11,581	5,599,054	1,110	7,554,950	12,691	13,154,004
Florida	24,850	10,936,255	8,983	35,930,801	33,833	46,867,056
Georgia	22,351	8,658,530	6,401	24,387,552	28,752	33,046,082
Idaho	9,919	3,387,664	1,739	5,486,690	11,658	8,874,354
Illinois	93,181	36,282,135	18,222	88,260,163	111,403	124,542,298
Indiana	49,068	15,521,612	12,718	46,396,691	61,786	60,918,303
Iowa	19,448	7,280,555	3,109	10,731,699	22,557	18,012,254
Kansas	11,862	3,655,356	5,768	17,901,617	17,630	21,556,973
Kentucky	18,766	6,918,171	3,567	16,082,861	22,333	23,001,032
Louisiana	17,353	5,335,429	2,817	10,360,965	20,170	15,696,394
Maine	5,706	2,253,398	1,093	3,230,980	6,799	5,484,378
Maryland	27,352	11,376,386	6,131	27,276,485	33,483	38,652,871
Massachusetts	67,657	25,760,413	3,695	18,633,987	71,352	44,394,400
Michigan	98,950	33,281,587	22,212	106,637,655	121,162	139,919,242
Minnesota	34,243	13,175,323	6,026	21,982,554	40,269	35,157,877
Mississippi	10,199	4,227,614	3,439	10,706,489	13,638	14,934,103
Missouri	50,638	16,224,210	10,085	41,670,497	60,723	57,894,707
Montana	4,145	2,251,594	1,202	4,225,641	5,347	6,477,235
Nebraska	8,625	3,002,426	2,040	7,277,419	10,665	10,279,845
Nevada	2,788	1,439,588	659	2,801,905	3,447	4,241,493
New Hampshire	6,416	2,683,611	806	2,985,451	7,222	5,669,062
New Jersey	115,712	48,511,665	18,884	91,806,524	134,596	140,317,189
New Mexico	3,142	1,692,193	1,096	3,742,175	4,238	5,434,368
New York	284,096	148,256,085	25,409	126,514,692	309,505	274,770,777
North Carolina	14,329	5,444,676	3,985	16,823,439	18,314	22,268,115
North Dakota	2,529	1,277,862	695	2,077,705	3,224	3,355,567
Ohio	75,844	25,814,127	22,360	98,791,044	98,204	124,605,171
Oklahoma	18,655	6,354,820	4,941	18,537,892	23,596	24,892,712
Oregon	27,585	9,934,190	2,830	8,798,100	30,415	18,732,290
Pennsylvania	105,202	40,176,154	21,809	89,399,717	127,011	129,575,871
Rhode Island	14,071	5,934,953	1,339	5,951,420	15,410	11,886,373
South Carolina	8,195	3,201,333	2,283	8,667,638	10,478	11,868,971
South Dakota	2,719	1,217,852	1,116	3,017,830	3,835	4,235,682
Tennessee	22,432	8,238,674	7,075	25,913,395	29,507	34,152,070
Texas	53,978	19,260,799	15,925	60,751,427	69,903	80,012,226
Utah	9,340	3,484,209	3,503	12,346,615	12,843	15,830,824
Vermont	2,813	1,202,315	1,045	3,324,522	3,858	4,526,837
Virginia	22,544	10,087,071	6,953	30,671,149	29,497	40,758,220
Washington	58,950	20,969,264	7,981	25,437,865	66,931	46,407,129
West Virginia	6,918	2,862,946	2,677	11,839,660	9,595	14,702,606
Wisconsin	23,875	9,972,863	4,483	22,166,094	28,358	32,138,957
Wyoming	2,434	1,239,505	2,042	6,149,848	4,476	7,389,353
Alaska	249	243,265	212	876,660	461	1,119,925
Hawaii	692	402,478	789	3,071,270	1,471	3,473,748
United States	1,833,162	733,327,501	363,906	1,529,109,183	2,197,068	2,262,436,684

Mr. Speaker, I reserve the balance of my time and ask unanimous consent to revise and extend my own remarks in the RECORD.

THE SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. SABATH]?

There was no objection.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield myself 5 minutes.

Mr. Speaker, I do not profess to be an expert in the field of finance; however, I do entertain some pretty well-defined convictions on Government competition with private business. In my candid opinion, the interference of the Government with private industry by competition and otherwise is largely responsible for the unfortunate condition from which our Nation is suffering today.

When the Federal Housing Act was passed it was understood that it was to meet another emergency, and that as a recovery measure its tenure would be of temporary duration; but now we find that it is the aim and purpose of some to make this activity permanent. This is only typical, however.

Mr. MAY. Will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Kentucky.

Mr. MAY. I am very pleased to have the gentleman make the statement he just made with respect to Government competition with private industry. May I ask the gentleman what

he thinks about the Tennessee Valley Authority as a competitor of private business?

Mr. TAYLOR of Tennessee. The Tennessee Valley Authority is based on an entirely different philosophy from that embodied in this proposal.

Mr. MAY. I will withdraw the question if the gentleman wishes me to do so.

Mr. TAYLOR of Tennessee. I fully understand the object of the gentleman's inquiry, and I am not at all embarrassed thereby.

Once a Government bureau is created it is next to impossible to discontinue it. Those personally benefiting from it are never willing to admit that it has served its purpose; that the emergency for which it was created has ceased to be. And just so long as Congress will continue to extend their authority and grant them funds to carry on their spending mania they will hang on like grim death. This is the history of bureaucracy without exception.

When the original Federal Housing Act came before the House it received practically the unanimous support of the entire membership. It was one of the most popular recovery measures that has come before the Congress. While a great deal of good has undoubtedly been accomplished by this legislation, it seems to me that the act has been greatly abused. Banks and other lending agencies in the country have taken advantage of this act to unload their undesirable mortgages, retaining those which they considered safe and sound.

Mr. SHORT. Will the gentleman yield?

Mr. MAY. I yield to the gentleman from Missouri.

Mr. SHORT. Is it not a fact that today Uncle Sam is the biggest holder of bad mortgages of anyone in the world?

Mr. TAYLOR of Tennessee. That is exactly the case.

Mr. SHORT. Can the gentleman inform the Members of the House how many foreclosures we have had under the H. O. L. C.?

Mr. TAYLOR of Tennessee. I cannot give the number, but it is my recollection it is around 200,000.

Mr. SHORT. How many foreclosures have we had under the Farm Credit Administration?

Mr. TAYLOR of Tennessee. I cannot give the gentleman that information.

Mr. SHORT. It would be interesting for the gentleman to give that information.

Mr. TAYLOR of Tennessee. It is certainly a large number of foreclosures, I am sure—

Mr. SABATH. Will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Illinois.

Mr. SABATH. I have the figures with reference to foreclosures. I think there have been only 400 out of 1,800,000 loans.

Mr. TAYLOR of Tennessee. The gentleman means 400,000, does he not?

Mr. SABATH. No.

Mr. TAYLOR of Tennessee. I recall that during the last session of Congress it was developed here on the floor that there had been one-hundred-thirty-thousand-some-odd foreclosures.

Mr. SHORT. Unquestionably.

Mr. THOMAS F. FORD. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Tennessee. I cannot yield further.

Mr. THOMAS F. FORD. The gentleman is talking about something else. He is not talking about F. H. A.

Mr. SABATH. This has nothing to do with the F. H. A.

Mr. TAYLOR of Tennessee. I am opposed to the Government taking over mortgages on existing properties unless it can be definitely established that the owners are in great distress, and only then when the security is reasonably sound. If the Government continues its program of taking home mortgages with little or no discrimination as in the past, it will only be a question of time when the Government will own a large percent of the homes in this country, which manifestly would be a very undesirable situation.

I strongly favor that part of the pending bill which relates to loans for new construction for low-cost housing. I think the Government can do a splendid job in this field. However I am just as strongly opposed to the Government making loans for the reconstruction or reconditioning of large construction such as apartment houses and the like. I do not believe that the Federal Government has any place in this field. In my opinion it has been in this activity that the Government has in the main been imposed upon. The two projects in St. Louis to which the distinguished gentleman from Massachusetts [Mr. GIFFORD] referred to yesterday affords an illustration of this abuse.

I hope Mr. Speaker an amendment to the pending bill may be adopted which will preclude a repetition of the St. Louis scandal which I understand is not alone confined to the city of St. Louis. [Applause.]

Mr. Speaker, I reserve the balance of my time.

The SPEAKER. Does the gentleman from Illinois desire to yield further time?

Mr. SABATH. No; I do not, Mr. Speaker.

The SPEAKER. Does the gentleman from Tennessee desire to yield further time?

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 20 minutes to the gentleman from Michigan [Mr. WOLCOTT].

Mr. SABATH. Mr. Speaker, I may desire to use some of my time later.

Mr. WOLCOTT. Mr. Speaker, since the Government started this business of insuring home mortgages I have been somewhat in favor of the program because I thought it gave an impetus to home construction and helped employment in the building trades. I believe this is one of the activities of this administration which is as free from criticism as any activity of the Government can be. The Federal Housing Administration has met with universal approval throughout the United States. It is my personal opinion that it has been administered honestly, conscientiously, and intelligently. I have great admiration for the personnel of the Federal Housing Administration and believe they are doing a splendid job. There are certain matters pertaining to the administration of the Federal Housing Administration which were investigated and perhaps should be subject to criticism, but that holds true of probably every department of the Government. I am sure any errors or omissions on the part of the Administration are not due to laxity on the part of the Administrator or his personnel or ignorance of the manner in which the job should be done. We have chiselers in all walks of life, and undoubtedly the real-estate chiselers have taken advantage of the situation as they would others. Editorially throughout the United States the press has commented favorably upon the activities of the Federal Housing Administration.

The bill before us continues certain activities of the Federal Housing Administration. There are certain controversial subjects involved, and I shall have to cover them very briefly. First, let me say that the activity of the Federal Housing Administration has been quite extensive. They have insured mortgages under title II to the number of about 363,000, totaling \$1,528,000,000. Of these 363,000 mortgages there have been committed, but premiums not being collected on them, 51,000, and there are pending in the Federal Housing Administration about 31,400 applications, making a total volume of business of 395,400 mortgages.

Perhaps I should distinguish between title I and title II. There seems to be some question as to the functioning of the Federal Housing Administration under these titles. The bill is made up of several titles, but we have particularly to do today with title I and title II.

The act now provides under title I that 10 percent of the loans made for modernization and repair of existing structures may be insured. We have always referred to that as the modernization title. Last year we provided that a person with limited means who was to live in the home himself could build a new home under title I, provided the value was not over \$2,500. Title I is not popular with the Administra-

tion but is more popular, perhaps, than title II with the Members of Congress. We wrote title I back into the act last year from the floor. At the present time the authority to insure these loans under the modernization, repair, and construction loan provision of title I expires on July 1, 1939, or sooner if the President happens to find there is no need for continuing it. We remove this authority on the part of the President and in the new bill extend the time to July 1, 1941. Under the existing law the value of the mortgage for repairs or modernization may be \$10,000. Under the pending bill the limitation is set at \$2,500 for all kinds of mortgages under title I.

You will recall that under title I there was no premium rate, there was no reserve fund, and it was purely a subsidy. The losses have been approximately 1.8 percent. We have written into the new bill a provision for the establishment of an insurance fund after the payment of administration costs and have provided for an insurance premium of 1 percent to pay administrative costs and to build up a reserve against possible losses. To be sure, the 1 percent will not cover the losses if they continue as they have run since the title has been enacted, but it will be a step in the right direction and it is expected that eventually this activity will be able to stand on its own feet.

In title I as it now exists we have a provision that loans made for rehabilitation after earthquakes, tornadoes, hurricanes, floods, and so forth, which loans should not be more than \$2,000, should be insured up to 20 percent. We have put these loans for rehabilitation following floods, tornadoes, and other catastrophes, on the same basis as other loans for repairs, alterations, and modernization.

There is a provision in title I of the existing law whereby we insure up to 20 percent of \$50,000 for modernization and repair of hotels, churches, colleges, schools, commercial buildings, and the like, and this provision has been eliminated from the bill.

We have set a time limit within which the modernization, repair, and construction loans may be paid under title I of 3 years and 32 days. This may seem peculiar to you, but the reason for it is that we have sought to authorize the administration to allow the home owner to repay the loan in 36 equal installments.

Under title II we have been insuring existing construction up to 80 percent of the aggregate, and the limitation which we have placed upon the aggregate amount of obligations which the Administration can have outstanding at any time was originally \$2,000,000,000, but last year we provided that the President might authorize another \$1,000,000,000 if he found it necessary. He did find it necessary, and by Executive order increased the authorization to \$3,000,000,000.

In this bill, although a \$6,000,000,000 authorization was asked for, we set \$3,000,000,000 as the limit, with a provision that if the President sees fit to continue it, if the necessity arises, he may raise the amount another \$1,000,000,000, making a total of \$4,000,000,000 altogether.

The only limitation on time under title II is limited only by the amount which they have to do business with. We have a controversy about that provision with respect to the insurance of existing mortgages. This bill extends the time up to July 1, 1941, from July 1, 1939, in which the Administrator may insure mortgages on existing construction under the same terms as he insures mortgages on new construction. This is controversial and will be covered in the debate.

We have granted permission to the Assistant Administrator to sign deeds, releases, and discharges without a specific power of attorney signed by the Administrator.

Mr. SACKS. Mr. Speaker, will the gentleman yield at this point?

Mr. WOLCOTT. I yield.

Mr. SACKS. I would like to make the observation that although we kept in existing mortgages we limited it, as we did the R. F. C., by making the applicant file an affidavit saying he could not get the mortgage from a private source upon the same terms. Is not that correct?

Mr. WOLCOTT. That is correct.

The only manner in which, I believe, we have expanded the activities of the Administration is with respect to the amount which is available under title I. The limitation originally was \$100,000,000. The limitation under the new act gives \$100,000,000 plus the insurance premiums which have been collected.

I have seen fit personally, and I speak for no one else on the minority side of the committee, to go along with this bill in its entirety. I have gone along with title I for the reason I could see no particular reason why we should force a man, if he wanted a modern home, to move into a new neighborhood. If a man has a home with a certain sentimental value to it, which he can modernize, I do not see why we should force him to move out of the neighborhood in which he has lived, perhaps, for 20 years or more and go to a new location. Title I makes it possible for him to stay in his present location and at the same time have a modern home.

With respect to the insurance of mortgages on existing homes, I have felt if we were to have a well-balanced bill, one that would not, perhaps, demoralize the real-estate market, we would have to continue insuring mortgages on existing construction.

I have no particular interest in this bill other than to see it made a workable bill.

We recommend that section 210 of the act with respect to multiple dwellings be repealed.

Section 207 of the act, which has to do with multiple dwellings, the value of which is not in excess of \$5,000,000, we recommend that it be continued with certain limitations. There will undoubtedly be a great deal of controversy concerning the value of the property and the value of the land turned in, but it is my personal opinion that these are matters beside the issue as to whether the Government shall continue to insure mortgages, and I want to stress the fact that during the debate on this bill we should have constantly in mind that the Federal Housing Administration makes no loans.

I wish the membership would not confuse this with other agencies of the Government, such as the Home Owners' Loan Corporation, the Home Loan Bank, and the United States Housing Administration, which do make loans. The Federal Housing Administration makes no loans. It insures loans made by private financial institutions. In effect, it has drawn some of the frozen money and credit out of banks and has made it possible to carry on a home-building program in this country which might never have been available otherwise.

Mr. GIFFORD. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. GIFFORD. The gentleman expressed himself very forcefully in the committee about the rackets that had been carried on. Has he any suggestion as to what he can do to prevent these rackets?

Mr. WOLCOTT. Yes; refer each and every one of them to the Department of Justice under the penalty clauses of the act. I was mistaken at that time with respect to the penalty clauses of the act. In reading over the penalty clauses since then I have found there is every opportunity for the prosecution of any racketeer under this act, and if the Administration has been lax in any particular, perhaps, it has been lax in not referring these rackets and racketeers which have taken advantage of this act, to the Department of Justice for such action as the Department of Justice saw fit to take.

Much has been said in the record of writing up the value of property in respect to the St. Louis project. I do not have any personal interest in St. Louis. I thought that a reasonable explanation was made by representatives of the Administration. Much to my surprise I find that the Congress is not blameless because we wrote into the law in that respect, subsection (c) of section 207, as follows:

To be eligible for insurance under this section, a mortgage on any property or project shall involve a principal obligation in an amount not to exceed \$5,000,000, and not to exceed 80 percent of the

amount which the Administrator estimates will be the value of the property or the project when the proposed improvements are completed.

In all fairness to the Administration, I think we had better have that in mind with respect to the valuations placed on it.

I anticipate that an amendment will be offered on the floor of this House to provide that in arriving at those estimates the Administrator must find the value of the property previous to the improvements, and that the estimate shall not be greater than the total value of the vacant property plus the improvements. The Administrator at the present time must find in his estimates of the value of the property, not the vacant property, not the fields, not the lot, but the value of the property after the improvements have been put in. I do not have that in mind particularly with reference to rackets. There are rackets, and the gentleman knows that there are rackets, and we all know that there are rackets. There are barnacles on every activity of the Federal Government, and it is our job to create the machinery by which the administrators may remove the barnacles, and I find we have done that adequately under the penalty clauses of the bill.

Mr. GIFFORD. But I am somewhat surprised when a member of the committee says that we are not particularly interested in the St. Louis project, when we read these letters and the number of articles appearing in newspapers demanding a congressional investigation, and is it not the duty of the committee to pay attention to such a thing? Then, I call attention also to the fact that this morning I had handed to me information about a Louisville project which is worse than this.

Mr. WOLCOTT. I know the gentleman's attitude, and I appreciate it, and I am not trying to fight the battle of the Administrator. The Administration means nothing more to me than to any other Member of this Congress. I think this is a worthwhile activity, and I am willing to stand up here and be fair enough, even if it is under a Democratic administration, to say so, because I do believe it, and I do believe this is a well-administered department of the Government, which has been doing a great deal of good.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. FISH].

The SPEAKER. The gentleman from New York is recognized for 5 minutes.

Mr. SABATH. Mr. Speaker, and I yield an additional 5 minutes to the gentleman from New York, because I think he is right at this time, and I think he ought to have that additional time and more.

The SPEAKER. The gentleman from New York is recognized for 10 minutes.

Mr. FISH. Mr. Speaker, I thank the gentleman from Illinois, the chairman of the Committee on Rules [Mr. SABATH], for giving me 5 additional minutes, and I think it is only fair to him that any criticism that I may have, and possibly I shall have ample criticism of the New Deal administration, shall occur during the first 5 minutes of time given me by the Republican side, while in the remaining 5 minutes I shall uphold the bill.

Mr. Speaker, the administration has been in power for 6 years. It has borrowed \$20,000,000,000 during that time, and yet it has not solved one single economic problem. We still have 12,000,000 unemployed and many millions more on part time, and we are now coming before the Congress asking for an additional billion of dollars that the mortgages on new homes may be financed or insured up to 90 percent by the Federal Government. I am in favor of this bill, not because I want to be for it but because of the economic conditions that exist in the United States. I would much prefer to have this money loaned, properly loaned, and as it has been in the past, by loaning institutions, without any guaranty by the Government of any kind and without injecting the Government into business, as this bill does. But we face a serious condition in the country, brought on, I believe, at

least in the last few years by the unsound and radical New Deal legislation that has destroyed confidence in America. When the President took office on March 4, 1933, he said that the only thing we have to fear is fear. Recently in addressing the Congress of the United States he said that the most important problem to solve now was to get the idle capital in the banks together with the idle manpower and with the idle American wage earners.

That, of course, is the big issue in America. There is idle capital in the banks; there is more money in the banks today than ever before, and there is more idle manpower, and the one thing that stops the idle capital and the idle wage earners from getting together is fear. Fear pervades the land. The man who owns money does not dare invest it. He is afraid. He is afraid of punitive laws, of punitive taxation; he is afraid if he makes any profit that it will be taken away from him.

So, as long as this fear remains in America there will be no flow of capital into industry to expand industry, to turn the wheels of industry, and provide employment for millions of our people looking for jobs at the present time.

So much for my first 5 minutes on the Republican side. Call it partisanship if you will. I call it a mere statement of facts.

Mr. SACKS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I admit that we had a big depression in 1929, which the gentleman was about to ask me about.

Mr. SACKS. Will the gentleman yield?

Mr. FISH. I just wanted to head him off. I admit the depression in 1929, but in answer to that I will say that depression followed 8 or 9 years in which we had an abundance of prosperity, and people were employed and made money easily. What I claim now, and I am speaking as a partisan; I claim that this Roosevelt depression has followed the other depression, without any real employment of labor and without any prosperity. Therefore we are forced, in this Roosevelt depression, to do things that we do not approve of at all. I do not approve of the principle of this bill, but I propose to support the bill and I propose to give the reasons why I support it.

Mr. BARRY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. BARRY. Has not this piece of legislation brought more idle money out of the banks than any other one piece of legislation the gentleman can think of?

Mr. FISH. I do not think that would be a very wide admission on my part or any confession, because I do not think this administration has done anything to solve any of our economic problems, but this bill certainly helps the man who wants to build a home. It has, as the gentleman wants me to say, brought a certain amount of money out of the banks into building homes. I do not think there is anything more desirable in America at the present time than to make these facilities available for the building of homes for our wage earners.

Mr. BARRY. I am sure the gentleman will remember last year—

Mr. FISH. I do not think I can yield any further. I have a limited time and want to finish my statement. I believe this bill does promote home building and home owning. If we want to combat communism and radicalism and socialism in America, the best way to do it is to put American citizens in their own homes—owning their own homes and making them home owners. Once our wage earners are home owners you need not fear communism in this country. That is one fundamental reason why I am for this bill.

Furthermore, if any country is worth living in it is the United States of America. It is not worth living in if we are going to continue to have one-third of our population underfed, underclothed, and underhoused. What are we doing in this bill? We are following the experience of other nations—of England, of the Scandinavian countries, of France, and most of the civilized nations which have made available government funds to promote home building and home owning among their people.

The Federal Housing Administration was created in 1934. It has been amended by Congress every single year, 1935, 1936, 1937, 1938, and will be again this year. The act is divided into two important titles. The first title provides for repairs, rehabilitations, and improvements of houses already constructed. Under that title 1,800,000 improvements have been made by American citizens in the homes of this country. Title II provides for insurance up to 90 percent of the full value of new homes or on mortgages made to that amount by loaning institutions. Under title II 360,000 home owners have built their homes and approximately 100,000 new homes were built last year. That is why I feel if we can do anything to bring this frozen money out into the building industry, we should do it. These buildings are constructed under our American system, under our profit system, based upon private initiative and a reasonable profit. This bill upholds our American system, builds homes and provides work, and therefore in this emergency I say to the Democrats I am glad to go along with you. This is one of the few things you have done to bring money out of hiding and to put our wage earners to work, not by direct gifts, but by useful loans with little or no loss. It is not the proper way. It ought not to be done by the Federal Government, but by restoring confidence and doing away with fear. Then the money would come out of hiding in the banks of its own accord and you would not need this bill. This bill is needed because of the New Deal economic failures; but I say to the chairman of the Rules Committee I will support the bill under the prevailing economic conditions. [Applause.]

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I agree most heartily with the remarks made by the gentleman from New York [Mr. FISH] in the last 5 minutes. I am in utmost accord with those remarks. But I disagree with what he said during his first 5 minutes, namely—

Mr. RANKIN. He usually meets himself coming back.

Mr. SABATH. I cannot say about that. I know that he travels at a pretty high speed, especially when he sees a chance to attack the administration. He is very much of a pattern with the other Republicans in that respect. All of them voice blanket accusations that this administration is responsible for unemployment, blissfully ignoring the record left by the last Republican administration, and overlooking hard facts such as the one that today over 8,000,000 men work who looked in vain for work in 1931 and 1932.

I say to you that if it were not for the political maneuvers of the Republican Party unemployment would be far less widespread than it is today. Cooperation from those who control the Republican Party would have gone a long way toward banishing that problem.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I always yield to my friend from Massachusetts.

Mr. MARTIN of Massachusetts. I just wanted to ask the gentleman how long did he expect the American people to give him to get those people back to work?

Mr. SABATH. The gentleman must not have heard me when I just said that if it had not been for the wilful and deliberate actions of those who control his party, the vested interests and industrial leaders, there would be no unemployment now. Factories were going at full speed in 1935, 1936, and 1937, the steel industry had day and night shifts, Massachusetts' textile mills were working overtime, and we were approaching some measure of the prosperity lost to us by the Republicans.

Mr. MARTIN of Massachusetts. What have the Republicans had to do with it since 1936?

Mr. SABATH. I will explain to the gentleman from Massachusetts what the Republicans had to do with it. It all began with an attempt to force repeal of the capital-gains and undistributed-surplus tax, and to defeat the wage and hour bill. Back of it all, of course, was the desire to politically damage the New Deal. There is no question in my

mind but that a great many of the lay-offs in the fall of 1937 were called by Republican financial leaders for the express purpose of defeating such legislation as I have just referred to, and of embarrassing the administration. I say to you that the lengths to which those industrialists and others went fall just short of treason.

Mr. MARTIN of Massachusetts. What was the administration doing when the gentleman's alleged conspiracy of 1936 was hatched?

Mr. SABATH. It did everything within its power to stimulate business, to put men back to work, and to continue the strides toward prosperity. States and municipalities were encouraged to put men to work, loans for business were made available through the R. F. C., home building was stimulated by the F. H. A. Act, which we shortly will extend for 2 years. Yes; in every possible way the administration sought to escape the depression brought on by Wall Street and Republican financiers which lasted from 1929 until 1933.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SABATH. I yield.

Mr. RANKIN. The gentleman from Massachusetts, the minority leader [Mr. MARTIN], asked how long it was going to take us to get people back to work. I would remind him that it took the Republicans 12 years to get them out of work. We hope it will not take us that long to get them back.

Mr. SABATH. The gentleman from Mississippi mentions a fact the Republicans are trying to forget. I may say, however, that this administration has been cooperating and continues that cooperation with industry and business. I call upon the gentleman from Massachusetts as the minority leader to give the word if he is interested in the welfare of our country, as I think he is, and urge that they desist in their destructive tactics preventing return of prosperity such as we enjoyed during the first 4 years of this administration.

I hope the gentleman from Massachusetts will agree with me in the following statement. Every day we read complaints about high taxation and that the businessmen of the country are afraid to risk their money in enterprise. They fail to mention, Mr. Speaker, that in this country taxes are lower than in any other country in the world.

Mr. Speaker, under this administration conditions are again improving; people are going back to work; and once more I call upon the minority to aid us in enacting legislation to help abolish unemployment and to better the conditions of all our people. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

COMMITTEE TO ATTEND FUNERAL OF THE LATE SENATOR LEWIS

Mr. SABATH. Mr. Speaker, I ask unanimous consent that the committee appointed on the part of the House to attend the funeral of the late Senator James Hamilton Lewis, as provided by House Resolution 157, be increased from 16 to 27 Members.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER. The Chair appoints the following Members of the House as members of the committee to attend the funeral of the late Senator James Hamilton Lewis: MESSRS. SABATH, McANDREWS, PARSONS, BEAM, KELLER, KELLY, SCHUETZ, ALLEN of Illinois, DIRKSEN, KOCIALKOWSKI, SCHAEFER of Illinois, ARENDS, CHURCH, McKEOUGH, MITCHELL, REED of Illinois, ARNOLD, FRIES, MASON, BARNES, CHIPERFIELD, JOHNSON of Illinois, MACIEJEWSKI, MARTIN of Illinois, SMITH of Illinois, WHEAT, and MISS SUMNER of Illinois.

ATTENDANCE AT FUNERAL SERVICES OF THE LATE HONORABLE JAMES HAMILTON LEWIS

Mr. RAYBURN. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 158

Resolved, That the House of Representatives accepts the invitation of the Senate to attend the funeral services of the late Honorable James Hamilton Lewis to be held in the Senate Chamber

Wednesday, April 12, 1939, at 2:30 o'clock p. m., and that the committee appointed by the Speaker of the House to attend the funeral shall act in conjunction with the committee of the Senate to make the necessary arrangements.

Resolved, That the Clerk communicate these resolutions to the Senate.

The resolution was agreed to.

TEMPORARY NATIONAL ECONOMIC COMMITTEE

Mr. SABATH, from the Committee on Rules, presented the following resolution (Rept. No. 396), which was referred to the House Calendar and ordered printed:

House Resolution 159

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of Senate Joint Resolution 90, a joint resolution to amend the joint resolution approved June 16, 1938, entitled "Joint resolution to create a Temporary National Economic Committee." That after general debate, which shall be confined to the joint resolution and shall continue not to exceed 1½ hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the joint resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the joint resolution for amendment the Committee shall rise and report same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

AMENDMENTS TO NATIONAL HOUSING ACT

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5324) to amend the National Housing Act, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 5324) to amend the National Housing Act, and for other purposes, with Mr. RANKIN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. The gentleman from Alabama is recognized for 1 hour and 30 minutes.

Mr. STEAGALL. Mr. Chairman, this bill seeks to apply the principle of insurance to loans made upon real property and primarily upon home construction.

The principle of insurance is recognized as sound throughout the business world everywhere. Under this bill, as has been stated but which does not seem to be fully understood, no loan can be made by the Federal Housing Authority. Not only is this the case, but it should be made clear at the outset that the Government has not made any expenditure nor incurred any loss in the liability of the Authority upon the insurance of mortgages.

During the years the Authority has been operating it has insured a total of \$1,843,000,000 on mortgages.

The Authority has received applications totalling \$2,500,000,000. The total losses incurred under title II of the bill amount to only \$160,000 in round figures. There have been only 435 foreclosures under title II of the bill and 232 final dispositions of default mortgages under that title.

The total amount of premium-paying mortgages insured and firm commitments to insure under title II on March 31, 1939, exceeded \$1,800,000,000, which money was all furnished by private capital. Of this amount, \$1,670,000,000 was on mortgages under section 203, which provides for the insurance of loans on residential structures not in excess of \$16,000.

The losses are to be met out of funds accumulated by an assessment levied on lending institutions for the mortgages under the system and an initial fund of \$10,000,000 was supplied by the Government. Not one dollar has been paid out of the Treasury to cover losses under title II of this bill. On the contrary the Authority has accumulated profits that have made it practicable to set aside \$15,000,000 as an additional fund to the original amount of \$10,000,000 authorized as an initial fund for the protection of the obligations of the Authority.

Under title II of the bill there have been insured about \$1,670,000,000. The ratio of insurance is about 40-60 between the mortgages insured covering existing property and mortgages insured covering new construction. Under title II the assessment fee originally was not less than one-half nor more than 1 percent. In the act of 1938 the rate was fixed at one-quarter of 1 percent on mortgages not in excess of \$6,000. Under the bill before us the rate will be not more than 1 percent nor less than one-half of 1 percent. On new construction of homes not in excess of \$6,000, 90 percent of the mortgage may be insured and under existing law the rate to be charged is one-fourth of 1 percent. The bill would amend this provision to permit a charge of not less than one-half nor more than 1 percent.

On construction between \$6,000 and \$16,000 the amount of mortgages that may be insured is 80 percent and the assessment fee one-half of 1 percent.

On houses where the value does not exceed \$10,000 but does exceed \$6,000, the 80-percent limitation, and the one-half of 1 percent premium assessment are applied to the amount of the mortgage between \$6,000 and \$10,000. On all mortgages above \$10,000, there is 80 percent for the entire amount and one-half of 1 percent premium assessment under existing law. Under the provisions of this bill the insurance fee may be raised to 1 percent.

The interest rate limit is 5 percent. That is the maximum charge. Except where it is found that in certain areas the mortgage market demands a higher rate, in which case it may be fixed at 6 percent. In practice the rate has averaged less than 5 percent. Recently a large lending institution in New York City has advertised seeking loans of this type at 4¼ percent.

Under the permanent provisions of this bill the Government is absolutely protected against the danger of loss.

Under title II of this bill the provision would be amended to provide that loans on existing construction may be insured until the first of July 1941. The provision for insurance of loans covering new construction would be made permanent law.

Another temporary provision is embraced in title I of the bill. This provision authorizes insurance of loans for repairs, alterations, and improvement of existing structures, and for building new structures upon rural real properties. It authorized the insurance of loans up to \$2,500 for the construction of new homes and for repairs, alterations, and improvements of existing structures.

The present law limits the amount of loans to be insured covering repairs, alterations, and improvements on existing structures to \$10,000, and fixes the amount of loans on new homes to be insured at \$2,500.

The bill now under consideration would limit the insurance of all loans to the amount of \$2,500 and would limit the duration of insurance of loans to 3 years and 1 month, except loans for new construction. On new construction loans insured there is no limitation as to maturity.

Under existing law no insurance premium may be charged. The bill now before us provides that an insurance fee may be levied on all loans insured but not in excess of 1 percent per annum. Under title I of the bill losses have been sustained in the amount of approximately \$12,900,000. Those losses accrued out of an operation that covered 1,800,000 loans of all types. The greater portion of those losses came through the insurance of loans other than those made for home construction.

The account down to date indicates that the total losses will be reduced as the transactions are completed, and it is confidently estimated by those in charge of the administration of the law that the 1-percent assessment fee in the bill now before the House will amply safeguard the Authority against losses under title I in the future.

Under title I rural as well as urban home construction may be financed under a plan which permits the Authority to insure mortgages on such construction.

Mr. MURDOCK of Arizona. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Arizona.

Mr. MURDOCK of Arizona. It is provided in this bill that title I shall be continued with respect to the underwriting of loans on homes up to \$2,500?

Mr. STEAGALL. Homes and alterations.

Mr. MURDOCK of Arizona. But not for furnishings?

Mr. STEAGALL. Not anything except such as becomes a part of the real estate, and in no instance in excess of \$2,500. The extension of title I extends only until July 1, 1941.

Mr. MURDOCK of Arizona. But the time of repayment has been extended?

Mr. STEAGALL. No. The practice has been to make maturities run about 3 years, but we have given the Authority a free hand with reference to insurance of loans for home construction. In the past such loans have had maturities of about 7 years.

Mr. MURDOCK of Arizona. I wish the period could be made longer than that. I may say to the gentleman I have found that in my State a good many young people who are establishing homes have taken advantage of title I of this act to borrow up to \$2,500, but many of these young people starting out in life are unable to make so large a payment monthly as is now required in the limited time.

Mr. STEAGALL. Under the provisions of this bill the Administration may liberalize the regulations to meet the situation the gentleman has in mind.

Mr. MURDOCK of Arizona. I am delighted to hear you say that, for I believe it will be a great thing for such prospective home builders.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Even though that were the case, after 2 or 3 years there is no reason they should not put a title I loan under title II.

Mr. STEAGALL. That is true.

I do not know of any activity upon which the Government has embarked in the effort to stimulate private investment, the expansion of employment, and general economic improvement that is more desirable or better safeguarded against the danger of loss than the service that has resulted from the act creating the Federal Housing Administration. It has done a great work. It has aided home building. It has helped to improve and stabilize real-estate values. It has brought about an enlargement of the consumption of materials used in construction. It has brought idle money into circulation. It has accomplished splendid social good in making it possible for many citizens to become home owners who under former conditions could never have done so.

Mr. LEAVY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Washington.

Mr. LEAVY. I am in favor of the measure and intend to support it, but I note there is new language in it with reference to the premium charge for insurance, with a maximum of 1 percent fixed for that purpose. I am wondering why the committee found it necessary to report a bill requiring that the insurance premium charge be increased over what it previously was.

Mr. STEAGALL. It is highly desirable that the Administration be amply protected against loss. Once we come here with a bad showing in that respect, our whole plan will be jeopardized by opposition against the legislation on that ground. We are undertaking to make this an insurance institution which will pay its way and render this service so highly desirable without loss to the Government.

Mr. MARTIN J. KENNEDY. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. MARTIN J. KENNEDY. I always enjoy listening to the gentleman from Alabama and his explanation of this bill has been very complete, but there is one phase of this whole subject that has not been touched. I am wondering whether or not the gentleman can give us information at this time about the problem I have in mind, which is the

question of paying the prevailing rate of wage on construction undertaken under loans the Government guarantees or insures. In our State hundreds of thousands of houses are being built and from the information I have the prevailing rate of wage is not being paid in their construction. I believe this might be an appropriate time to indicate the position of the House with regard to the payment of the prevailing rate of wage.

Mr. STEAGALL. Of course, I may say to my esteemed friend, the question he raises will naturally arise when we consider the bill under the 5-minute rule. There is no provision on that subject in the bill at this time. Let me say now that as far as I am informed the Government has never undertaken to determine for a private institution what its practice should be with reference to the employment of labor. This is not an instance in which the Government engages in the construction of buildings; if it were, the question of the wages to be paid under the precedents that have been established by legislation heretofore enacted would, it seems to me, be one properly to be considered. What we are attempting to do by this proposed legislation is to insure loans and put some activity into this line of business.

Mr. MARTIN J. KENNEDY. I know the Government is not actually doing the work, but this work is made possible because of the guarantee of our Government. The President and this Congress have indicated time and time again that we are eager to pay a living wage. If we indicate by placing such a provision in this bill that we advocate and urge the payment of the prevailing rate of wage, we will be doing a great deal toward elevating the standard of living through paying a fair wage to the workers.

Mr. STEAGALL. Let me say to the gentleman that the Government is not bearing the burden of this insurance. The burden rests upon the individual borrower who is undertaking to build a home. My view of the matter is that he is entitled to solve the economic difficulties that confront him in his own way without any effort on our part to hamper him.

Mr. HOBBS. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to my colleague from Alabama.

Mr. HOBBS. Am I correct in construing this bill as permitting the Government to insure a loan upon a farm home as well as on a city home?

Mr. STEAGALL. Of course, under other provisions of the bill the benefits are necessarily limited to urban activities, but under title I and title II, which provide for individual home building, the same benefits are granted to rural home builders that are granted to citizens in urban communities.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from California.

Mr. VOORHIS of California. I wish to go back to the question asked by the gentleman from Washington [Mr. LEAVY] and ask the chairman whether it is true that section 2 of the bill, fixing the 1-percent premium charge, applies only to title I or does it apply to title II as well?

Mr. STEAGALL. Under title II the premium is not more than 1 percent nor less than one-half of 1 percent on the amount of the principal obligation.

Mr. Chairman, I reserve the remainder of my time.

Mr. GIFFORD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and thirty Members are present, a quorum.

Mr. GIFFORD. Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Chairman, your Committee on Banking and Currency is agreed as to certain parts of this bill. They differ in judgment as to other parts of the bill. If gentlemen desire to acquaint themselves with the points at issue by reading, they may find in the report of the committee at the desk by the door the views of the minority set forth very briefly, so you can read them almost at a glance and thus acquaint yourself with the differences which will be called to your attention when the bill is under consideration under the 5-minute rule.

In the general debate it may be wise for me to refer to some of the history behind this bill. With the coming of the depression in 1932, one of the measures for relief was the home loan bank bill. Two years later there was added to the functions of those charged with the home loan bank bill the Home Owners' Loan Corporation. The two of them worked as one, and their head is Mr. John H. Fahey. In that year of 1934 it was thought best to create another agency, the Federal Housing Administration, and the head of that is Mr. Stewart McDonald. Also, there has been created the United States Housing Authority, the head of which is Mr. Nathan Straus. They are three capable, able, competent gentlemen. I have no criticism to make of any one of the three and no complaint about the conduct of their affairs, but I want you to understand what their achievements indicate as to the growth of bureaucracy in this country. Each one of these three agencies was started as a temporary institution. There was no thought then of permanence for any one of the three. They were brought forward under the stress of circumstances in order to help save the day for the country and to return us to prosperity.

Now, what has happened? Mind you, it is 7 years since the first of these agencies was established, 5 years since the F. H. A. was established. As the time for their ending approached, Congress saw fit to add 2 years to their life, and then when that 2 years had nearly expired, added 2 more years. Now you are asked to extend, in part, one of these agencies for 2 years and in some of its functions for 25 years. Yet, Mr. Chairman, we find that this bill contains one important section to the continuance of which the head of the Federal Housing Administration so firmly objected that when he drew the bill he left it out. Now your committee has put it back. The very man who knows most about it, who has operated it, who is responsible for it, had said it ought to go out. This committee has put it back.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. BROWN of Georgia. I think the gentleman is mistaken. The Administrator said it should go out unless some provision was made for it to pay its way, and we have provided a way by having a 1-percent premium.

Mr. LUCE. The gentleman and I disagree as to the interpretation of the Administrator's words.

There is another provision that is extended for 2 years against, I am convinced, the good judgment of all the committee. I may be wrong on that. I think that section is in for other reasons than the wisdom of continuing the work.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield again?

Mr. LUCE. Yes.

Mr. BROWN of Georgia. It is my understanding that the amendment putting title I back in the bill was unanimously passed by the committee. Is that true?

Mr. LUCE. I was sitting with another committee concerned with a more important problem and did not share, I think, in the vote or know its nature.

The second provision relates to existing mortgages.

In November of 1937 the President sent us a message on the subject of housing. The President, your President, you on my right, sent you a message in which he said:

In connection with these changes I would suggest that the Congress eventually limit the insurance of mortgages to houses on which the application for mortgage insurance is approved prior to the beginning of construction.

He said "eventually." Of course, that did not limit it to any specific time; but he said you should get out of that business. Ah, but the head of the Federal Housing Administration went further. Mr. Stewart McDonald, that same day, I think it was, said:

We desire to eliminate that old financing. After July 1, 1939, the Federal Housing Administration will drop out of existing construction, except houses which it has previously insured and of which it may be in possession and have to accept after foreclosure.

Mr. McDonald said you were to drop out of that thing in June of the present year. The President said eventually you were to drop out of it.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. LEWIS of Colorado. Whence, then, did the suggestion of this change come, which the gentleman says was advised against by the administration?

Mr. LUCE. Not being extensively acquainted with the workings of the administrative mind, I could not disclose who suggested that change.

Mr. LEWIS of Colorado. The gentleman is on the committee, and I presumed he was informed as to the situation or I should not have troubled him.

Mr. LUCE. I have a strong suspicion that only the Democratic Members were informed of the source of the proposal for change. However, I do not want any politics in this thing. Our Committee on Banking and Currency has never been a partisan committee. This is not a partisan proposal.

You bring me to the next consideration. You have here a difference of opinion, a strong difference of opinion, between two Democratic agencies of this Government, one headed by Mr. Fahey and the other by Mr. McDonald, and in deciding on this particular question you will cast your votes either for Mr. McDonald's view or for Mr. Fahey's view. You will not cast them for a Republican view or a Democratic view.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. LEWIS of Colorado. My question was not, I had hoped, to be interpreted as a partisan question, but as one that went to the merits of this case. My inquiry was not intended to arouse partisan discussion but to ascertain how this provision which, the gentleman tells us, had been very distinctly opposed by those in charge of the Housing Administration had come into the bill.

Mr. LUCE. From the Federal Housing Administration.

Mr. LEWIS of Colorado. How it happened to get into the bill.

Mr. LUCE. It appeared in the bill when it was introduced. Title I was not in the bill when originally drawn.

Mr. LEWIS of Colorado. Was not this bill written by the committee?

Mr. LUCE. Title I was inserted by the committee. When the first draft of the bill was introduced it did not contain title I.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. RABAUT. Is it not true that the H. O. L. C. agency deals with old homes, homes that have been standing for some time, and that this proposed legislation deals with new construction?

Mr. LUCE. It ought to deal with new construction, and with new construction only, but it does deal also with old construction.

Mr. RABAUT. The gentleman means title I?

Mr. LUCE. Title II. I have gone by title I.

Mr. RABAUT. Title II deals with repairs?

Mr. LUCE. No.

Mr. RABAUT. Title I deals with repairs?

Mr. LUCE. If the gentleman will wait a moment I shall exonerate title II, so that the gentleman will understand it. Let me get that off my chest.

Mr. RABAUT. The gentleman is a member of the committee, and I am asking for information.

Mr. LUCE. Very well. I am about to give it to the gentleman.

Mr. RABAUT. I would like to have it.

Mr. LUCE. I am talking now about existing mortgages, the insurance of houses built before the loan was made—a proposal that does not importantly help build new houses but does help insurance companies and other people to unload their cats and dogs on the Government. They not only want

to do that now but they want to do that indefinitely. They want to be safeguarded in the real-estate business; and that is where you will find the meat in the coconut. They want to be insured against losses from bad loans. The property is appraised, and I will not criticize the appraisal; but all houses deteriorate, and presently they are worth hardly the cost of tearing down. That has been the curse of the mortgage business in this country. The lenders have waited until too late. Even the Home Owners' Loan Corporation was too liberal perhaps in the first years of its conduct. It turns out that one out of six of all the houses it has handled came back on its hands, with an average loss of about \$700 on an average loan of \$4,160.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield; certainly.

Mr. PATMAN. Does the gentleman consider that quite reasonable, in view of the fact that all those homes were delinquent in payment at least for years, and they all owed at least 2 years of taxes before the Home Owners' Loan Corporation took them over?

Mr. LUCE. I am not complaining of that at all. I am not criticizing it. I am citing it simply as proof that homes deteriorate; that it is the most dangerous field of investment open to any man.

Mr. LEWIS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. LEWIS of Colorado. Asking the question directly, do I understand that Mr. Fahey and the Home Owners' Loan Corporation favored this provision that is now in the bill, to which you object?

Mr. LUCE. No. Mr. Fahey objects strongly to this provision.

Mr. LEWIS of Colorado. Well, I ask again, Where did this provision come from? Who favored it? It does not appeal to me, but who favored this provision?

Mr. LUCE. I can only reply the general supposition is that the proposal came from Mr. Stewart McDonald, and that it was approved by the President. That is the only surmise. I do not know.

Mr. LEWIS of Colorado. I understood Mr. McDonald said he did not favor it.

Mr. LUCE. No. I he did not favor.

Mr. LEWIS of Colorado. Oh, he has changed his mind?

Mr. LUCE. He has changed his mind on the second one. Please do not get these things mixed up.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. In just a moment. We are talking about two different things here. Title I is the small-fry section.

Mr. LEWIS of Colorado. I understood that thoroughly.

Mr. LUCE. It is the bill under which the little fellow pays 9.72 percent on his loan. In other words, in respect of title I the Government is a glorified pawnshop. That is the thing the committee put back. Now, the other thing, the existing mortgages is the one that the author of the bill tried to make permanent.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. SACKS. I would like to call the gentleman's attention to this fact. When the gentleman talks about losses that might happen under existing mortgages in title II, I call his attention to the experience of Mr. Brigham, president of the National Life Insurance Co. of Vermont, in which he said that his company placed 5,777 residence loans for an investment of over \$27,000,000; that the average loan was \$4,800. Out of that amount in 4 years he had 16 foreclosures, 13 of which he disposed of at a profit of \$140, got all their money out, and the balance, 3, are still in process of being straightened out.

Mr. LUCE. Good for him. Great work.

Mr. SACKS. And that was all under the F. H. A.

Mr. LUCE. But I happen to be myself a director of a mutual insurance company—not one of the big ones, but sound and doing a good business, and every directors' meet-

ing I have attended in the course of the last 3 years has spent two-thirds of its time trying to get rid of sour mortgages.

Mr. SACKS. Will the gentleman yield further?

Mr. LUCE. Certainly.

Mr. SACKS. The gentleman will admit that the National Life Insurance Co. of Vermont is a conservative company?

Mr. LUCE. That is the reason they can make such a good record.

Mr. SACKS. They took 80 or 90 percent loans under this act. They took 5,777 residence loans in the last 4 years with Government insurance under the F. H. A., and all they have had so far is 16 foreclosures out of 5,777 loans, 13 of which have brought them back their money with \$140 profit, and 3 of which are now in the process of being completed. Is that a record under this act?

Mr. LUCE. I commend Mr. Brigham.

Mr. SACKS. That is found on page 200 of the hearings.

Mr. LUCE. I commend Mr. Brigham for his good judgment, which in other matters he showed also while a Member of the House. I hope his company will be always equally well managed.

Mr. SACKS. Did he not say that the F. H. A. was the finest thing ever created to help put money out of the banks and insurance companies so it would start the wheels of real estate going again because of its low interest features and its insurance features to the big banks, savings companies and life-insurance companies?

Mr. LUCE. He said that, Mr. Chairman, but I have just given the figures of the Government agency where one-sixth of its loans went sour.

Mr. SACKS. That was the H. O. L. C., headed by Mr. Fahey, who is opposing this bill.

Mr. LUCE. There is no connection between the two facts, in my judgment.

Mr. SACKS. But the gentleman said that Mr. Fahey and Mr. McDonald were the issues in this matter, and that those who believed in Mr. Fahey would vote against this bill, because he opposes it, and those who believed in Mr. McDonald would support it. If we look at the record of the two gentlemen, we will find that one-sixth of the loans made by the H. O. L. C. under the leadership of Mr. Fahey are in default, and on the Government's hands, while the F. H. A., under Mr. McDonald, have less than 1 percent.

Mr. LUCE. Good for Mr. McDonald. Neither of those statements has anything to do with the reason I made my statement to the effect that there is nothing more dangerous in which to invest than houses.

Mr. SACKS. I call attention to the fact that whereas the reason the gentleman said we ought to consider it was because Mr. Fahey appeared before the committee and testified against it, and Mr. McDonald for it; if that is the reason, looking at the record of these men, I certainly would prefer to take Mr. McDonald's word for it rather than Mr. Fahey's.

Mr. LUCE. Has Mr. McDonald ever told the committee or anybody else that houses were a prudent investment?

Mr. SACKS. He did. Mr. McDonald appeared before the committee and said that houses were a prudent investment.

Mr. LUCE. That is contrary to the experience of every man who has ever had the misfortune to own a rented house.

Mr. SACKS. In the gentleman's own section there are houses 150 years old that are still worth their value.

Mr. LUCE. Yes; and I am trustee for a property that is only 50 years old, the value of which today is only one-third of what it is taxed for.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. GIFFORD. Mr. McDonald is not very old in the game, but he has already experienced the fact that what he forecloses is on the average of \$700 on these small units.

If the gentleman will permit a further observation let me suggest in answer to the gentleman from Colorado, to help

the gentleman if I can. He wants to know why we should continue insurance on existing mortgages. The answer is: You must sell the old automobile before they will buy a new automobile.

Mr. LUCE. Mr. McDonald also gave the committee to understand that were he allowed to continue he would in time control—he did not like the word “control”—but have charge of one-third of all the mortgages on houses in the United States. That is what he will have if he is to continue this agency.

This agency employs 4,100 people. It was created only 5 years ago, and 4,100 people work in this one agency. You appropriated the other day \$12,000,000 for the support of these 4,100 people. They all want to keep their jobs, they all want to see their department grow bigger, they all want to endure, and survive, and last till kingdom come. This is why I say it is time it is stopped. In the days of resuming specie payment somebody said that the way to resume was to resume. In the same spirit I tell you that the way to stop is to stop. Here is the chance to do it, here is the opening recommended by those who have studied this thing, though some of them have changed their minds. What a loss it would be individually to them perchance—but that is unkind, I will withdraw that, I will not say there is any personal motive in this at all; but it is the ambition, the purpose, and the desire of every new agency of government to live. It thinks it is doing better work for humanity than any other agency. That is only human nature. So they come here one after the other asking for more life, feeling that their particular endeavor is the one that ought to be encouraged, the one for which there should be larger appropriations, and extension of existence.

This agency, contrary to all that we have learned, is not the wise thing in a republic. It is an interference with private enterprise. This organization could not flourish if it did not offer customers more for the money, or the same thing for less money. It is a competitor with private interests, particularly it is a competitor with those organizations that are cooperative in nature, the building and loan associations. We have sought to encourage these associations, even creating Federal ones here and there throughout the country. We have made great progress in teaching our citizens the virtue of thrift; yet today they see their welfare endangered by the competition of Government. Nobody can compete with a government that can borrow for 2 percent and lend for 5 percent. No private institution can have enduring life in the face of that sort of thing.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. CRAWFORD. I was very much interested in the observations made by the gentleman on the opposite side of the House a few moments ago with reference to the results of this program. Will the gentleman please comment on these official figures which have been furnished to me by the Government department? In 1921 our people in this country had \$21,500,000,000 in savings, to a great extent in the savings and loan associations of this country. During the decade from 1920 to 1930 they were building and financing from 400,000 to 700,000 dwelling units per annum. Today our people have savings very close to \$51,000,000,000. This Federal Housing program has been in operation during 1935, 1936, 1937, and 1938. With all the building that has been done of dwelling units I am informed by Government agencies that in 1935 only 144,000 homes were built; in 1936, 282,000; in 1937, 289,000; in 1938, 347,000.

Has this program induced the building of homes? And in thinking about this question let us bear in mind the fact that today when we have two and one-half times as much savings as we had in previous decades, and every day the percentage of savings and loan associations is being crowded out of the picture through the operation of agencies of this type, yet the number of dwelling units being built is only about half. Will the gentleman comment on that observation?

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. GORE. The figures which the gentleman from Michigan cited for the years 1935 to 1938 seem to be the best answer to his interrogatory.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. LUCE. I yield.

Mr. SACKS. Will the gentleman from Michigan give us the figures from 1931 to 1934? Find out how much building went on during those years and the bearing it had to the amount that went on since the act was passed.

Mr. CRAWFORD. If the gentleman will yield further I shall be glad to submit the figures from 1918 to date.

Mr. SACKS. How about those 4 years?

Mr. CRAWFORD. They will be included.

Mr. SACKS. Will the gentleman give us the figures?

Mr. CRAWFORD. The fact is that the people of this country who have savings are being crowded out of the picture. I shall be glad to submit, if I can secure permission to extend my remarks in the RECORD, a 21-page statement dealing with statistics involving this whole picture insofar as Government activities are concerned.

Mr. SACKS. Will the gentleman read the figures for 1931, 1932, and 1933?

Mr. CRAWFORD. I do not want to take the time of the gentleman from Massachusetts.

Mr. SACKS. It would be interesting in the light of the figures from 1934 on.

Mr. GORE. Will the gentleman yield?

Mr. LUCE. If the gentleman does not want to ask me about figures.

Mr. GORE. If the gentleman will answer the question in reference to those figures, will he also comment on the difference in interest rate charged on these loans?

Mr. LUCE. The hands on the dial of the clock are traveling too rapidly for me to engage in that discussion.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 12 minutes to the gentleman from Georgia [Mr. Brown].

Mr. BROWN of Georgia. Mr. Chairman, I am exceedingly anxious to see that title I is extended for 2 more years. This bill, when first introduced in the House, did not carry title I; and I introduced an amendment, which was unanimously adopted by the committee, to extend this title.

The purpose of title I is for improvements and repairs to existing homes and building new homes and agricultural buildings in an amount not to exceed \$2,500. I think we should see to it that the people in the rural sections and small towns should have the same financial help from the Federal Housing Administration as those in the large cities.

In my own State, as of December 31, 1938, 22,351 Georgia families had been benefited by loans under this title.

While such loans are insured by the Federal Housing Administration, the money is advanced by private lenders to local people for construction and improvement of housing by local enterprises employing local labor and using materials purchased locally.

We all recall what happened to the housing industry during the latter half of 1937. As a result of its stagnation Congress, again looking to the housing field for improvement in general business conditions, considered at the extra session in 1937 a number of new amendments to the National Housing Act to liberalize its provisions in order to encourage people to build homes and modernize and repair. I offered one of the amendments at that time to extend title I, which was liberalized to include construction of small homes up to the value of \$2,500 in urban and rural sections.

Millions of our people have been aided in repairing and building homes and will continue to receive aid in repairing and building homes and agricultural buildings through character loans insured by the Government, who, otherwise, would never have had the opportunity to do so, and at the same time the ratio of losses to the large amount of business has been negligible. The loans and benefits under title I

have and will benefit a large number of people in very modest circumstances, and especially a large class of farmers who are helpless in securing benefits direct from local lending institutions without Government aid.

There appeared before our committee representatives of the building industry, representing national organizations such as paint, roofing, real-estate boards, lumber dealers, plumbing and heating supplies, and others, urging Congress to extend title I, stating, in effect, that there is still millions of dollars' worth of modernization, repair, and small construction business that can go forward with such small encouragement on the part of the Federal Government.

Many Members of Congress have seen the report recently issued by Colonel Harrington, W. P. A. Administrator, in which it is disclosed that in a survey made by the W. P. A. of 8,000,000 American homes, 60 percent were found to be in need of either major or minor repairs and improvements.

It is my understanding that the average repair loan under title I runs around \$402.

Title I of the National Housing Act permits the Federal Housing Administrator to insure lending institutions against loss up to 10 percent of the amount of loans made for property improvement purposes in both urban and rural communities.

These loans are different from the long-term home-mortgage loans under title II. They are shorter term and require generally no security and are usually for the purpose of modernizing, repairing, or altering existing houses, business properties, and farm buildings.

Title I was the first part of the National Housing Act to get under way in 1934. Through the end of 1938 more than 1,800,000 of these loans, with a total face value of about \$735,000,000, had been insured by the Federal Housing Administration. Three hundred and seventy-five thousand of these loans amounting to \$170,000,000 had been insured since the act was amended in February 1938, reviving the provisions of title I which had previously expired.

These title I loans have enabled hundreds of thousands of families to make necessary repairs on their homes and farms and to make them more modern and livable. Many families of modest income were unable to obtain credit from lending institutions because they did not have sufficient collateral. The National Housing Act made it possible for these people to obtain loans on the basis of character alone. This has proved a noteworthy adventure in finance, since losses have been very small as compared with the volume of lending transacted. The Government's faith in the character of the people has been amply justified.

Claims paid on contracts for insurance held by lending institutions numbered at the end of December 1935 about 85,000 for an amount slightly exceeding \$19,000,000. A substantial part of this amount has been collected by the F. H. A. since these insurance claims were paid. It seems probable, in fact, that ultimate losses on this amount will be only about 2½ percent as compared with the 10 percent of insurance coverage provided by the F. H. A.

One other thing which title I, as amended February 1938, has made possible is loans up to \$2,500 for the construction of new small homes. Thousands of these have been built in localities not eligible for mortgage loans under title II.

Another thing these title I loans have accomplished is the aid to small-business men engaged in the distribution of building materials. Large manufacturers have had plenty of credit in the past, but small dealers were often at a disadvantage in marketing building supplies because of lack of capital. Now, with Government insurance of loans for repair and modernization purposes, these small-business men have been able to compete on equal terms with the larger ones.

In extending title I we have made some changes in the limitations. For instance, we have established a limit of \$2,500 on all title I loans because it was shown by witnesses who appeared before us that much less than 1 percent of the number of title I loans had exceeded \$2,500 in the way of

repairs. We also limit the improvement and repair loans to 3 years and 1 month, as evidence shows that 97.2 percent of all title I improvement loans in the past have been for 3 years or less. On loans for new structures for residences or agricultural purposes the committee thought it desirable not to limit the time for payment, because the average amount of such a loan is higher than the average repair loan, and therefore a limited payment period would make the payments prohibitive.

Of particular interest to Members from the rural districts will be the amendment which includes new construction for agricultural purposes. This is designed to take care of new barns, corn cribs, silos, and so forth, up to the amount of \$2,500. It is the only way that a farmer having a small mortgage on his property can finance farm buildings with a character loan over a period of years. The people in the rural sections and small communities are unable to have their loans for homes and agricultural buildings amortized except as provided in title I of this bill. I was anxious to see the amount for construction of new homes increased, but it seemed it was not possible to do so at this time.

Title II of the National Housing Act has been very successful since the new amendments were passed and took effect the first of last year, but we must provide some benefit to the farmers and citizens of small towns, and title I has been the answer to this problem.

I certainly hope that the provisions of title I will be enacted.

Under the provisions of title I in the bill the eligibility of loans is limited to financing the improvement or repairs of existing structures and in building new residences and agricultural buildings.

While, as I stated, the loss to the National Housing Administration has not been great, a large percent of the loss was from equipment loans, such as refrigerators, washers, ironers, cooking stoves, scales, counters, showcases, and so forth, which are not now eligible under the provisions of this title.

Title I also authorizes the Administrator to fix a premium charge not to exceed an amount equivalent to 1 percent per annum of the net proceeds of the loan, and this is thought to be sufficient to take care of all losses and expenses of the F. H. A.

TITLE II RELATIVE TO F. H. A. INSURANCE OF EXISTING HOME MORTGAGES

Most of the discussion about the current bill seems to be over the question whether or not the F. H. A. should continue to insure mortgages on existing construction, as well as on new construction. Now, often, the only way in which a man with a large family can acquire better living quarters is by buying an existing house. The average brand-new house is either too expensive or too small for many families of moderate income, and many times the only decent shelter they can obtain is existing houses that have depreciated somewhat but still retain sound value.

The fear seems to be that the F. H. A. is going to insure mortgages on all kinds of old houses. But that would be plainly contrary to the purpose of the law and the F. H. A. regulations. The F. H. A. standards for mortgage insurance are established on a sound basis for existing homes, as well as for new houses. They do not permit the insurance of a mortgage loan on a house which is not in good condition. Moreover, the loans the F. H. A. has insured on existing construction have involved many millions of dollars of repair and modernization work. Thus, the provision for insurance of mortgages on existing construction has made a great contribution to recovery and employment.

And then there seems to be some fear because the F. H. A. plan makes it possible for people to refinance their old mortgages. There is a difference, of course, between insurance of mortgages to finance the purchase of existing houses and the insurance of mortgages to refinance outstanding or maturing mortgages. But I do not see why a man who bought a home 5 or 10 years ago and has had the courage, thriftiness, and good fortune to keep that home throughout the depression without having to have his mortgage refinanced directly by

the Government through the H. O. L. C. should now be denied the privilege of obtaining the advantages of lower interest rates and better terms through F. H. A. insurance. These mortgage loans on a long-term basis, paid off easily month by month, are available to people who want to buy new shelter, but apparently there are some persons who think they should not be available to home owners who have had mortgages on their homes for some time, paying in many cases as much as 7 and 8 percent or even higher rates of interest.

As you know, the H. O. L. C. no longer makes loans. Some of the loans are being foreclosed or threatened to be foreclosed. I am quite sure the H. O. L. C. will not be disposed to oppose these borrowers in refinancing their loans, especially in view of the fact that the H. O. L. C. loans are Government loans, and, too, under foreclosure the property would not bring the loan value.

You understand the F. H. A. does not loan money but only aids lending institutions in loaning local money, as distinguished from the H. O. L. C.

Why not let a person pay off his mortgage, if he has the opportunity to better his condition, and save his home and cut down his expenses by getting another loan at better terms?

The F. H. A. has stimulated recovery and, as I have tried to stress, has been of immeasurable aid and protection to home owners and home buyers. The mortgage-insurance program of the F. H. A. is paying its own way, and there is no reason why this Congress should be concerned over any economy problem in this case. Private capital does the work, with the Government assuming only a remote contingent liability in order to encourage private enterprise and protect the home-owning and home-buying public.

There has been some opposition by the building and loan associations to extending title II to existing homes. I realize the building and loan associations have been great institutions and have rendered a valuable service in many sections of this country. I think I am the first one who suggested that some safeguard should be placed around this part of title II so as not to retard the splendid service rendered by these associations. An amendment was introduced in the committee by the gentleman from Kentucky [Mr. SPENCE] which I think takes care of the opposition of the building and loan associations. It is included in the bill and is as follows:

(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage and that, after reasonable opportunity, such holder failed or refused to make a loan of a like amount and at as favorable an annual cost to the mortgagor, including amortization provisions, commission, interest rate, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges as those of the loan secured by the mortgage offered for insurance.

It has been suggested that if the insurance of existing home mortgages is permitted to continue, the banks will be tempted to unload their portfolios of existing home mortgages through insurance with the F. H. A., thereby increasing the possibility of later losses to the Government.

That there has been no tendency in this regard during the 4 years in which there has been opportunity to do so is indicated by the fact that the percentage of new homes to total, for not only the commercial banks cooperating under F. H. A. but also the savings banks, is almost exactly the national average of existing home mortgages to total loans for all types of institutions operating under the F. H. A.—the percentage for banks and that for building and loan associations cooperating under the plan being almost identical, as was shown during the hearings on the bill.

Mr. CRAWFORD. Mr. Chairman, I yield myself 20 minutes.

GUARANTEED DEBT

Mr. Chairman, this bill, H. R. 5324, again deals with the proposition of Government insuring lending institutions against loss on credit extended for the former to individuals, associations, and corporations in the sum of \$4,000,000,000. Under its provisions individuals would be encouraged to obligate themselves toward \$4,000,000,000 of indebtedness based on new and existing structures. The bill promotes the philosophy that it is better to have Government guarantee the debt than it is to let the full import of the obligation rest entirely on the shoulders of the lenders and borrowers.

The bill under consideration relates directly to the problem of housing—individual homes and dwelling units. The philosophy of the bill, however, goes very deep. I here have reference to other measures now pending before this Congress, wherein some Members of both the House and the Senate and trade associations and organizations contend that if the Government is to insure bank deposits and obligations relating to homes, apartments, and such, the Government should likewise insure loans to business enterprises.

The administration, through the F. H. A., requested the insurance limit be placed at \$6,000,000,000, but the committee is recommending that for the time being at least the amount of insurance be limited to only \$4,000,000,000. Now, let us look at some of the broader principles involved.

HOMES BUILT FROM SAVINGS

It has been observed that for decades the urban homes in this country have been built and financed out of the accumulated savings of millions of our people. The 1920 depression influenced a drop in home construction from 460,000 family units in 1919 to 300,000 in 1920. For years we had been running along on a basis of building around 500,000 family units annually. Following the 1920 depression our people, without Government insurance or subsidy in any form, proceeded to build homes. In 1921, with savings of only \$21,500,000,000, we constructed 449,000 units, and in 1922 we rounded out more than 675,000.

Following 1929 home building suffered with the decline in other activities. In 1930 we built 286,000 dwelling units; in 1931 only 212,000, and in 1932 a further decline to only 74,000, and in 1933 the low mark of only 54,000 was reached. We then entered the era of pump priming, Government subsidies, insured mortgages, and in 1934 we constructed 55,000 home units. We are informed that in the years following, homes were constructed on a schedule of 144,000 in 1935, 282,000 in 1936, 289,000 in 1937, and about 347,000 in 1938.

In these figures, we have reflected some encouragement flowing from Government subsidy or insurance. We might also bear in mind that without question, participation by Government, discouraged building on the part of some who have feared Government competition in the home-owning field through the operation of H. O. L. C. and F. H. A., as well as the activities in slum clearance. When Government enters any field, taking title directly or indirectly, it is a warning to those who have built their holdings on the basis of private enterprise. No individual is strong enough financially to compete with Government ownership and operation. Our people can well afford to take full cognizance of the many activities and fields which Government has invaded in recent years.

In 1933 thousands of banks suspended payment and these closed institutions held deposits of more than \$3,500,000,000. We held gold stocks of about \$4,000,000,000. Demand and time deposits amounted to about \$38,000,000,000 and savings of \$39,900,000,000 were booked to the credit of our people. I repeat, that in that year only 55,000 home units were constructed.

It was in the fall of 1933 and the spring of 1934 the philosophy of Government insurance of mortgages on new homes took form. But let us observe that in 1935 home construction was more than 2.5 times that of 1934; in 1936,

more than 5 times that of 1934; in 1937, a repeat, and in 1938, we find more than 6 times the number of home units constructed than were built in 1934.

In 1921, the savings to the credit of our people amounted to \$21,500,000,000. But today they amount to almost \$51,000,000,000. Our gold stocks today exceed \$15,300,000,000. A recent F. D. I. C. report showed we had more than 60,000,000 bank accounts with \$21,900,000,000 of demand deposits and \$13,600,000,000 of savings and time deposits to their credit. These credits running in favor of the depositors are liabilities owed them by 13,705 banks alleged to be in a stronger and safer position than any country has ever before seen.

If we believe in further protecting and perpetuating the type of institutions which in prior decades furnished the unsubsidized capital that built the homes of our people, we should not go ahead with the program provided for in this bill. But if we believe in the concentration of real estate and mortgage holdings in the hands of Government; if we prefer to have our people withhold their resources and depend upon Government credit for the financing of our undertakings, then this bill should be supported and the program continued and expanded.

In 1937, we had a contraction in business and a drop in national income. But in that year our people saved \$1,500,000,000 more than we did in 1929, and this, notwithstanding our national income in 1937 was approximately \$13,000,000,000 less than in 1929. Today our savings are at the highest peak in the history of our people. We now have 70 percent more savings available to build homes than in the years when we were providing new homes at a record-breaking rate. Indeed, we need to take our bearings and consider the direction in which we are traveling.

SOME CONCEPTS OF OWNERSHIP

Mr. Chairman, may I submit to the Members of the House this question: Do you believe in ownership? Of course, I receive an answer in the affirmative. You believe not only in ownership, but in private ownership. Such ownership is very essential to the functioning of the legal, as well as the economic structure under which we operate. Consider the foundation upon which we base our system of industry, credit, currency, banking as well as transportation, public utilities, and that highly important element we term "taxation." This foundation is none other than private ownership. And let me remind you that all of these functions greatly relate to and affect the lives of millions of people whose degree of private ownership approaches closely to nothing. The relationship between the owning class and those who do not own is so very close that the physical destruction or a major change in the private ownership of even one single individual may seriously damage the interest of thousands of nonowners, but without the slightest personal inconvenience—other than, perhaps, mental—to the owner himself. This is the ultimate of complexity. As private citizens, we have been taught in our churches and schools and homes to look upon the vehicle of private enterprise as a means whereby we can bring to ourselves the economic benefits flowing as a result of our own industry and enterprise; in this manner the vehicle transports us to such economic security as may be. I feel that it is within the realm of truth to contend that recent policies have tended to lead our people away from such understanding as they did have concerning the primary and original purposes of private ownership. We have indeed accepted private ownership with such a complete and simple faith that few fundamental questions have been raised relative thereto. Heretofore, we have said, "This shop and the stock of goods which it contains, belongs to you. Go, be industrious, be courteous, toil and manage and economize and such rewards as may flow therefrom shall be yours. The Government will deal lightly with you to the end that you may prosper, expand, and give

to others the benefit of your savings and enterprise." That has been our philosophy of private ownership and enterprise. It induced people to save and to venture into new fields, new production, and a higher standard of living. It brought to us our America and all that it is.

STREAMS OF NEW CAPITAL HAVE DRIED UP

From the First Annual Report of the Securities and Exchange Commission for the fiscal year ending June 30, 1935, we find that for the period September 1934 to June 1935, inclusive, the proposed use of net proceeds of new securities registered for issuance and fully effective September 1, 1934, to June 30, 1935, the \$649,831,175 was applied:

Organization and development.....	\$1,894,067
Increase in working capital.....	36,693,895
Purchase of assets.....	169,560,832
Repayment of indebtedness.....	440,901,368
Miscellaneous.....	781,013
Total.....	649,831,175

Here we find that 67.9 percent of the total issue was for repayment of indebtedness and that only 32.1 percent represented what we might term new capital.

Looking over the Second Annual Report of the Securities and Exchange Commission, for the fiscal year ended June 30, 1936, we find the estimated net proceeds from securities effectively registered during the year and intended to be offered for cash for the account of the registrants amounted to only \$3,782,100,000.

Of the aggregate net proceeds, \$2,805,400,000, or 74.2 percent, were intended for repayment of indebtedness; \$213,400,000, or 5.6 percent, were intended for retirement of preferred stock; and \$24,300,000, or 0.8 percent, for the reimbursement of loans used for capital expenditures. Refunding and retirement operations thus accounted for a total of \$3,043,100,000, or 80.5 percent of the net total proceeds. Of the remainder, \$395,600,000, or 10.4 percent, were to be used for the acquisition of securities, chiefly by investment companies; only \$120,500,000, or 3.2 percent, were intended to be used for the purchase of plant and equipment; \$207,300,000, or 5.5 percent, were to be added to the registrant's corporate funds, while \$9,300,000, or 0.2 percent, were scheduled to defray organization and development expenses, and \$6,200,000, or 0.1 percent, were to be used for various other purposes. New capital for expansion of industry is so small it is startling.

The Third Annual Report of the Securities and Exchange Commission, for the fiscal year ended June 30, 1937, shows that the estimated net proceeds from securities effectively registered during the year and intended to be offered for cash for the account of the registrants amounted to \$3,492,123,000.

Of the aggregate net proceeds, \$1,933,849,000, or 55.4 percent, were intended for repayment of indebtedness; \$225,136,000, or 6.5 percent, were intended for retirement of preferred stock. Refunding and retirement operations thus accounted for a total of \$2,158,985,000, or 61.9 percent of the total proceeds. Of the remainder, \$352,097,000, or 10.1 percent, were to be used for the acquisition of securities, chiefly by investment companies; \$256,979,000, or 7.4 percent were intended to be used for the purchase of plant and equipment; \$633,278,000, or 18.1 percent, were to be used to be added to the registrant's corporate funds while \$90,784,000, or 2.5 percent were to be used for various other purposes. Bear in mind this covers the months July 1, 1936, to June 30, 1937. Savings mounting, deposits increasing; pump priming and a growing Federal debt; gold coming in, but little new capital for building industry. One wonders if, with such a small trickle of new capital for risk or investment—the capitalistic system is to survive. Indeed, we need to dig out the wells for private capital of our fathers.

Going on to the Fourth Annual Report of the Securities and Exchange Commission for the fiscal year ended June 30, 1938, we find that out of the net cash proceeds, it was

indicated that approximately \$457,000,000, or 35.5 percent, would be used for new-money purposes. This is the highest ratio of estimated net proceeds intended for new-money purposes for any fiscal year since the Securities Act became effective. But it should be noted that as an absolute total it amounts to only approximately 51 percent of the new money which was expected to be raised from the sale of securities registered in the previous fiscal year. Registration statements indicated that the new money was to be allocated approximately as follows: \$272,000,000—against \$257,000,000 in the preceding fiscal year—for expenditures for plant and equipment and \$185,000,000—against \$633,000,000—for additional working capital. Of the balance of net cash proceeds indicated in the registration statements, \$451,000,000—35.1 percent of all net proceeds—was intended for the repayment of indebtedness, while \$348,000,000—27.1 percent of total net proceeds—was intended to be used for the purchase of securities for investment. A sorry mess of new capital for investment. Four years of recorded history—capital market yardsticks. Ample proof of something fundamentally wrong; but where and what?

HAVE WE LOST FAITH IN GOVERNMENT AND OURSELVES?

There is now a crisis of confidence. It has been running for a decade. It varies in intensity. Its meanderings are significant to students of world and national affairs. There is a reason, or a set of reasons, why we, here in the United States, have made one of the poorest showings of all industrial nations in the degree of recovery we have attained. The International Labor Office has presented some startling facts. It is important for us to inquire why our recovery has been less steady than that of any other major industrial nation. What recovery we have attained has been of a jumpy character. We go forward and then slip backward. Our base is narrow. We continue to witness thin markets. The fields of construction and durable capital have made very poor showings. We can go to the capital markets for a yardstick.

Are the fiscal policies of our Government sound? Do Government officials and economists agree on the course we have followed? Are our leaders in accord on the course we shall pursue from here? What about the philosophy of Messrs. Morgenthau, Hanes, and Harrison as against that of Messrs. Roosevelt, Eccles, and Hopkins? What influence has the ideologies of Soviet Russia, Fascist Italy, National Socialist Germany, and the New Deal had on those in our country who have been in a position to invest new capital, build additional industries, and give more employment? The sit-down strikes occurred in France and workers acquired occupancy control of the factories. There followed a stream of gold out of France. The British were withdrawing their earmarked reserve of gold from the Banque de France and our Treasury officials feverishly worked for the consummation of an agreement. From August 7, 1936, to September 25, the Bank of France lost \$320,000,000 of gold, the bulk of it to the United States and to England. September 25, 1936, the Governments of the United States, Britain, and France issued their now famous statements which dealt with order in international economic relations. Having momentarily escaped from the French debacle, our high-ranking Government officials proceeded to flirt with the sit-down element in the United States and no one yet has created a yardstick whereby we can measure its temporary or permanent shock to the flow of new capital into American industry. Undoubtedly, the sit-down strikes played a very important part.

Are our people unwilling to release risk capital, to be followed by development capital, and thereby prepare the way for stability and safe investment? Have we had too much talk about the redistribution of wealth? Do our people now look more to Government for security than to individual effort and enterprise? Is the individual substance threatened by mounting taxes? Have interest rates been

so reduced as to deny to capital its natural increment, and has this removed the powerful incentive our people have heretofore had to work, save, and invest? Have we elevated the state to a new prestige and authority where it is to control production, allocate markets, extend and insure credit only to the chosen few, and preempt capital markets for governmental borrowings—this all to be followed by the entry of Government directly into the business fields which have historically been preserved for the operation of private enterprise? Powerful forces are at work. One only needs to refer to the release of the Board of Governors dated April 10, 1939. The Board is fully cognizant of the presence of the forces, but their weight or influence has not yet been determined. Now, let us look at some of the activities of Government in the fields of insurance, housing, and activities related thereto.

DEBTS OF BANKS GUARANTEED BY GOVERNMENT (IN FORM OF DEPOSIT LIABILITIES)

From the last annual report of the F. D. I. C. we obtain this interesting information:

At the close of 1937 the Corporation was insuring deposits in 13,853 banks. Daily average deposits of these banks amounted to more than \$48,000,000,000 during the year, of which more than \$21,000,000,000 were insured. The depositors in these banks numbered more than 50,000,000, of whom more than 98 percent were fully protected by insurance.

In looking over the balance sheet of the F. D. I. C. as of December 31, 1938, we find its capital structure carrying items made up of:

Capital stock	\$289,299,556.99
Surplus adjusted to June 30, 1938	112,646,564.04
Earnings 6 months ended Dec. 31, 1938	18,598,396.63
	420,544,517.66
Miscellaneous	1,077,809.22
Total	421,622,326.88

Comparing the entire capital structure of the F. D. I. C. with its obligation to banks and depositors, clearly indicates that in the event of a set of conditions greatly straining the capital structures of the banks, one of two things would undoubtedly happen—either the Treasury of the United States would have to go to the rescue of the F. D. I. C., or the depositors would again lose through the closing of banks resulting from their inability to liquidate portfolios rapidly enough (and without loss) to meet the withdrawal requirements of demand savings and time depositors. It is interesting to observe that while the F. D. I. C. was created by the Banking Act of 1933, its net earnings, brought about almost entirely by deposit-insurance assessments against insured banks and interest earned on its assets held, amounted to only \$131,244,960.67. Bank failures since the inception of F. D. I. C. have, fortunately, been few, with small losses. Should we run into a serious depression resulting in drastic decline in market values of commodities, stocks, bonds, and other equities, including Government bonds, and all followed by heavy withdrawals of deposits by demand, savings, and time claimants, the capital structure of the F. D. I. C. would be put to its first great test.

MANY COMMODITY CREDIT CORPORATION LOANS (GRAINS, COTTON, MISCELLANEOUS)

The February 28, 1939, statement of this agency shows loans outstanding amounting to \$360,107,912.75 representing advances made on cotton, corn, wheat, tobacco, figs, peanuts and oils, prunes, raisins, butter, dates, pecans, hops, wool and mohair, turpentine, and so forth. In addition to this \$360,000,000, we find there are loans which have been made by lending institutions and which are guaranteed by the Government and falling in this same class, in the sum of \$408,414,868.29 and which added to the above-mentioned figure gives an aggregate of \$768,522,781.04.

We should also bear in mind that other commitments are in process of being made and all in line with acts of Congress heretofore approved. It should be remembered that a

genuine cotton crisis remains to be solved and that we face a new cotton crop which will begin to move around next August 1. In this connection we might keep in mind the \$5,000,000,000 liability of the Treasury based on its guaranty of obligations of the Federal Farm Mortgage Corporation, the F. H. A., the H. O. L. C., the R. F. C., the U. S. H. A., the T. V. A., and the United States Maritime Commission.

LOANS TO BUSINESS AND INDUSTRY

Chairman Jones, of the R. F. C., informs us his agency has authorized 7,371 loans to business enterprises aggregating \$447,324,578. Banks have agreed to take participations in the amount of \$61,492,756 in 1,661 of these loans, their participations ranging from 10 to 75 percent of a loan. The banks and R. F. C. share proportionately in security and repayments. Of the R. F. C. part of these loans \$86,227,903 was not used and \$144,192,699 remains available to the banks and borrowers when called for. Two thousand seven hundred and twenty of these loans, or 37 percent of the total number, have been for \$5,000 or less—during the past 12 months 49 percent have been for \$5,000 or less. Fifty-three percent of the loans have been for \$10,000 or less; 83 percent for \$50,000 or less.

In addition to the participations taken for their own account banks hold \$57,552,558 of these loans with a take-out agreement from the R. F. C. For the take-out agreements the R. F. C. gets a part of the interest paid by the borrower. This is 2 percent per annum where the bank's participation is less than 25 percent of the loan; 1½ percent where the bank's participation is from 25 to 50 percent; 1 percent where the bank's participation is 50 percent or more.

Participation agreements and take-out commitments are executed when the loan is made, and the take-out commitment insures the bank against loss on that part covered by the agreement. It is necessary to exercise the same care in insuring part of a loan as in making the entire loan. The same investigation is required and the same expenses incurred.

In April and May 1938, R. F. C. made commitments to lend apple growers in the State of Washington up to \$2,000,000. Under these commitments, R. F. C. authorized 960 loans to 716 applicants in the amount of \$1,025,120, of which \$991,506 was disbursed.

In addition to the foregoing loans to business, the Electric Home and Farm Authority, operated by R. F. C., buys installment contracts from business. To date, 2,573 dealers have been furnished with capital for their credit sales in this manner. The contracts carry the unconditional endorsement of the dealer.

Mr. Jones further says:

We shall probably have a substantially larger percentage of losses from industrial loans than from any other class. Forty-six of these (representing loans in the aggregate amount of \$3,009,092) have already been foreclosed and the security reduced to possession.

CHRONOLOGICAL TABLE OF UNCLE SAM'S HOUSING ADVENTURES

July 22, 1932: Federal Home Loan Bank System established. The object of the Federal Home Loan Bank System was to provide a credit reserve for the thrift and home-financing institutions of the United States. Twelve banks were established throughout the country, each under charters issued by the Federal Home Loan Bank Board. Capital stock of the 12 regional banks amounting to \$124,741,000, was subscribed for and taken by the Secretary of the Treasury. The Government has invested \$265,000,000 in savings and home-loan institutions largely during the 1932-36 period. Assets of all home-owners loans banks, as of June 30, 1938, were \$265,770,803.87. Liabilities were \$97,789,473.30. Net worth of \$167,981,330.57. The accounts of the Federal home-loan banks are not subject to audit by the General Accounting Office. The Annual Report of the Comptroller General for the fiscal year ending June 30, 1938, states that more than three-fourths of the capital stock of the system, \$161,512,205, is owned by the United States and the "balance by members of the home-loan bank system."

Uncle Sam's investment in housing via the Federal home-loan bank system—\$161,512,205.

June 13, 1933: The Home Owners' Loan Act of June 13, 1933, set up the Home Owners' Loan Corporation as an emergency agency to give emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to owners of homes occupied by them and who are unable to amortize their debts elsewhere, to amend the Federal Home Loan Bank Act, and to increase the market for obligations of the United States, and for other purposes. This Corporation is now in liquidation and operates solely as a collection agency.

The original capital stock of \$200,000,000 was subscribed by the Secretary of the Treasury. And as of June 30, 1938, was impaired by deficits of \$40,893,291.81. As of December 31, 1938, the Home Owners' Loan Corporation had unmatured bonds issued and outstanding in the sum of \$2,902,950,710.09, principal and interest. This does not include \$10,000,000, face amount of notes and accrued interest thereon held by the Treasury and reflected by the public debt. The outstanding bonds are a contingent liability of the United States and guaranteed as to principal and interest by the Federal Government. Contingent liabilities had been authorized to the amount of \$4,750,000,000 for this Corporation. The Corporation is now operating with huge deficits.

Uncle Sam's investment in housing via the Home Owners' Loan Corporation is over \$3,000,000,000.

January 31, 1934: The Federal Farm Mortgage Corporation was established by act of January 31, 1934, "to aid in financing the lending operations of the Federal land banks, particularly the farm debt-financing program begun in 1933."

The capital stock of \$200,000,000 was subscribed for by the Governor of the Farm Credit Administration.

With the approval of the Secretary of the Treasury, the Corporation is authorized to issue and have outstanding at any one time bonds in the aggregate of not more than \$2,000,000,000, issued in such manner and sold at such prices as prescribed by the Corporation with the approval of the Secretary of the Treasury. These bonds are fully and unconditionally guaranteed as to principal and interest by the United States, and are lawful instruments and security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or any officer or officers thereof. The Secretary of the Treasury is authorized to purchase the bonds from the sale of any securities "here issued under the Second Liberty Loan Act as amended." The Corporation has power to purchase its own bonds "in the open market at any time and at any price."

As of December 31, 1938, the Corporation had outstanding bonds in the sum of \$1,396,656,315.22 under the above authority. Uncle Sam's investment in housing through the Federal Farm Mortgage Corporation thus becomes \$1,596,656,315.22.

FEDERAL HOUSING ADMINISTRATION

June 27, 1934: The National Housing Act created the Federal Housing Administration for the express purpose of encouraging improvement in housing standards and conditions and providing a system of mutual mortgage insurance. The Administrator of the Federal Housing Administration was empowered to use not more than \$200,000,000 to "insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and such other financial institutions, which are approved by him as eligible for credit insurance against losses which they may sustain as a result of loans and advances of credit and purchase of obligations representing loans and advances of credit made by them subsequent to the date of the act and prior to January 31, 1936." The act also created a mutual mortgage-insurance fund with an immediate allotment of \$10,000,000, with authority to

insure mortgages there specified to the extent of \$2,000,000,000 plus \$1,000,000,000 additional if approved by the President. A press release issued by the Federal Housing Administration (No. 399, March 9, 1939) shows:

Insurance written—cumulative to date:		
Home mortgages (premium paying).....	335,099	\$1,400,212,141
Rental housing projects.....	164	80,265,750
Property improvement loans:		
Original title I notes.....	1,459,408	561,846,309
Feb. 3, 1938, amendments.....	429,837	198,849,475
Total insurance written.....		2,241,173,675

The expenses of operating the Federal Housing Administration have been a constant drain upon the public funds.

Page 5 of the quarterly report—January 3, 1939—of the Reconstruction Finance Corporation shows that the Corporation had made total payments to the Federal Housing Administrator, to and including September 30, 1938, amounting to a total of \$66,021,074.55.

The Federal Housing Administration on December 31, 1938, had debentures outstanding in the amount of \$1,277,783.22 fully guaranteed as to principal and interest by the United States.

The United States Civil Service Commission, in a report of December 31, 1938, reported the Federal Housing Administration was employing 4,523 persons. The total cost of operations for 1939, according to Budget estimates, was \$14,187,220.

Uncle Sam's investment in housing through the Federal Housing Administration amounts to more than \$20,000,000 in cash in form of a deficit in operations beside an assumed contingent liability of \$2,241,173,675.

ACT OF SEPTEMBER 1, 1937, AS AMENDED

The United States Housing Act of September 1, 1937, created the United States Housing Authority for the purpose of promoting the general welfare of the Nation by employing its funds and credits to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income in rural or urban communities that are injurious to the health, safety, and morals of the citizens of the Nation. The Authority has capital of \$1,000,000 subscribed and paid for by the Secretary of the Treasury for the United States. An appropriation of \$25,000,000 additional was authorized for the fiscal year ended June 30, 1938. The Authority was authorized to issue obligations in the form of notes, bonds, or otherwise in an amount not to exceed \$800,000,000. These obligations are exempt both as to principal and interest from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. They are fully and unconditionally guaranteed both as to principal and interest by the United States Government.

As of December 16, 1938, the Authority had made loans and commitments aggregating \$649,789,000 to cities participating in the slum-clearance and low-cost housing projects.

As of December 31, 1938, the Authority had outstanding notes in the face amount of \$23,000,000 held by the Treasurer of the United States and reflected in the public debt.

As typical of the housing provided by the Public Works Administration, Harlem River houses in New York City is an outstanding example. This project, which is of the so-called slum clearance type consists of 1,959 rooms broken into 574 two-, three-, four-, and five-room apartments, built at a cost of \$2,605 per room. The cost of the project is \$5,104,533, and has been leased to the city of New York at an annual rental of \$69,062. This represents a return of approximately 10 cents a day per room to the Government. Rentals during the period September 3, 1937, to June 30, 1938, amounted to \$181,257, and the expense of operating and maintaining amounted to \$150,672. An insignificant return on the investment.

Uncle Sam's investment in housing via the Public Works Administration, seems to be not only the \$450,000,000 originally set aside, but also the huge sums in interest that Uncle Sam is forced to pay on the borrowed capital used in financing these projects.

It is safe to assume that Uncle Sam's adventure into housing through the medium of the United States Housing Authority will, by the end of the current fiscal year, represent an amount in excess of \$825,000,000.

OTHER ADVENTURES IN HOUSING

To complete the picture of Uncle Sam's adventures in housing we bring to your attention the \$5,000,000 or more expended by the Alaska Rural Rehabilitation Corporation and many additional millions spent for housing by the Puerto Rico Reconstruction Administration; and last, but not least, projects of a similar nature in the Hawaiian Islands.

TENNESSEE VALLEY AUTHORITY HOUSING

June 30, 1933: T. V. A. Act—Under authority of the Tennessee Valley Authority Act of 1933, the management of T. V. A. has spent a total of more than \$7,214,637,000 in building villages to house their employees and others in the vicinity of Norris, Wheeler, Gunterville, and other dams. These properties, having no vital bearing on the operations of the Tennessee Valley Authority at this time, are being maintained and rented at an annual loss running into thousands of dollars. Just a drop in the bucket in considering Uncle Sam's total adventures into the housing field.

The wheels of bureaucratic government move on and Congress by its acts creates more and more competition by government against those who have their savings invested in building and loan association activities, life-insurance contracts, and who are dependent upon returns of interest for their necessities of life. When these resources are dissipated, largely through competition of governmental activities, the individual can, of course, take whatever a hard-pressed Government is able to allow in the way of old-age assistance.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Tennessee.

Mr. GORE. I cannot quite reconcile the gentleman's statement that this program is a deterrent to business with the fact that the bankers of my district and the home owners and prospective home owners are all strong for this program, and that the businessmen say it is an encouragement to private enterprise.

Mr. CRAWFORD. If the gentleman will permit a personal reference, I happen to be a director of a bank. Certainly the F. H. A. helps our institution make money. But do you suppose I intend to put that bank and its interest up against the interest of the people of this country who hold in the building and loan associations \$4,300,000,000 of capital and who for decades have financed the homes needed by our people?

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Minnesota.

Mr. KNUTSON. Let me ask the gentleman, because I know he is informed on the subject, if it is not true that we are rapidly reaching the saturation point in housing in this country, in many localities.

Mr. CRAWFORD. If Government is to feed all of our people through subsidies, certainly we are, unless Congress desires to increase the subsidy in the way of old-age assistance and W. P. A. and P. W. A. benefits sufficient to enable the people to live at that high standard called for by this program.

Mr. KNUTSON. I do not think the gentleman got my point. What I was asking the gentleman was whether we are reaching the saturation point in new building or in housing in many localities of this country.

Mr. CRAWFORD. Yes; it is true that in many localities we have overbuilt. This is evidenced by vacancies in some instances and by the greatly depressed real-estate market prevailing in other cities and localities where high-grade and well-conditioned properties are selling far below the cost of replacement on a depreciated basis. Again, our increase in population is not running as great as in previous years. Then we also have a bad situation wherein whole industries and large industrial units are moving from one geographical location to another, and this movement is largely due to govern-

mental policies which are not conducive to developing faith in the future of the man or woman who would invest. For instance, if northern industry is to be induced to move southward, what is to become of the homes now owned in industrial centers in northern cities?

The following table will be of interest to those who are watching capital movements. Savings have continued to increase since the last date shown on the table. If our capitalistic system is to survive, certainly savings will have to be invested in something more substantial than Government bonds.

Changes in selected types of long-term savings, 1920-37

Year	Life insurance companies ¹	Mutual savings banks ²	All other banks ³	Savings and loan associations ⁴	Postal savings ⁵	2½-percent postal savings bonds ⁶	United States savings bonds ⁷	Total
1920	\$5,813,518,433	\$4,217,540,000	\$5,612,750,000	\$2,070,160,000	\$157,276,322	\$11,539,420		\$17,882,784,175
1921	6,174,622,460	5,394,963,000	7,450,263,000	2,390,629,000	152,389,903	11,718,300		21,583,615,663
1922	6,625,278,313	5,696,603,000	7,464,451,000	2,770,571,000	137,736,439	11,830,500		22,676,470,252
1923	7,349,149,468	6,282,157,000	8,847,131,000	3,257,847,000	131,671,300	11,860,200		25,879,815,963
1924	8,047,567,035	6,685,967,000	9,694,747,000	3,923,387,000	132,814,135	11,893,760		28,496,375,930
1925	8,927,225,653	7,139,110,000	10,859,466,000	4,691,580,000	134,178,558	11,995,880		31,771,550,744
1926	9,938,693,110	7,558,190,000	13,540,404,000	5,409,999,000	147,359,254	12,540,040		36,594,004,708
1927	11,048,868,535	8,040,042,000	15,035,743,000	6,124,667,000	152,143,349	13,229,860		40,409,907,449
1928	12,213,207,586	8,663,007,000	15,468,712,000	6,968,505,000	153,644,329	14,812,380		43,480,387,315
1929	13,237,623,893	8,889,914,000	15,139,333,000	7,520,774,000	175,271,686	19,224,720		44,958,181,602
1930	14,095,789,563	9,190,566,000	14,924,125,000	7,239,661,000	347,416,870	22,824,260		46,058,998,969
1931	14,679,356,751	10,016,799,000	13,647,602,000	6,584,583,000	784,820,623	36,247,200		45,953,670,281
1932	14,858,258,683	10,021,110,000	10,544,229,000	5,821,740,000	1,187,186,208	52,697,440		42,829,246,566
1933	15,010,941,949	9,699,119,000	8,137,835,000	5,241,318,000	1,197,920,188	78,030,240		39,009,519,697
1934	16,051,936,331	9,764,052,000	9,319,460,000	4,759,478,000	1,204,862,940	101,943,340		41,652,716,759
1935	17,541,659,406	9,901,684,000	10,271,250,000	4,448,734,000	1,231,673,156	120,881,020	\$153,477,488	43,934,355,174
1936	19,132,770,135	10,036,714,000	11,071,242,000	4,300,000,000	1,267,673,740	119,086,360	474,735,747	46,516,760,053
1937	20,509,978,554	10,185,271,000	11,996,594,000				963,735,743	49,342,339,397

¹ Estimated accumulated savings in United States life-insurance companies. Represents reserves plus unpaid dividends and surplus to policyholders, except that deduction is made of policy notes and loans and net deferred and unpaid premiums. Source: Spectator Life Insurance Year Books and Proceedings of the Association of Life Insurance Presidents. Figures as of Dec. 31.

² Deposits evidenced by savings passbooks. Source: Annual reports of the Comptroller of the Currency. Figures as of June 30.

³ Deposits evidenced by savings passbooks. National banks, State commercial banks, loan and trust companies, stock savings banks, and private banks. Source: Annual reports of the Comptroller of the Currency. Figures as of June 30.

⁴ Private investments in savings and loan associations. Includes estimates for private investments in State-chartered savings and loan associations in Maryland, South Carolina, Colorado, Idaho, and Arizona. Source: Compilation by Federal Home Loan Bank Board, Division of Research and Statistics, of reports by Federal home loan bank system on Federal savings and loan associations and by State banking commissioners on State-chartered building and loan associations. Figures mostly as of Dec. 31.

⁵ Balance to credit of depositors. Source: Annual Report of the Postmaster General on operations of the Postal Savings system. All figures as of June 30.

⁶ Source: Annual Reports of the Secretary of the Treasury for years prior to 1935. For 1936 and 1937 Treasury Daily Statement.

⁷ Current redemption value. Source: Treasury Daily Statement. All figures as of Dec. 31.

⁸ Preliminary.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to include the tables to which I have referred.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GIFFORD. Mr. Chairman, I yield 15 minutes to the gentlewoman from Illinois [Miss SUMNER].

Miss SUMNER of Illinois. Mr. Chairman, I think that the fact that there is not time fully to discuss this very complex and very expensive bill is sufficient reason that thoughtful Members will wish to be very hesitant about voting for it. Hastily passed laws of this character are like shotgun weddings; they create more problems than they solve.

I did not sign the minority report because it seems to me that it cried "wolf" too faintly. Whenever a bill comes in from the Committee on Appropriations there are loud outcries against the millions that we appropriate for the relief of farmers and the unemployed—the two groups of people worst hit by every depression. Yet I see that when a banking and currency bill comes in—these bills that authorize appropriations of billions of dollars, which revolutionize and upset our whole credit structure which, like the bill involving the stabilization fund, even enable some public officers to imperil our peaceful relations with foreign nations—then there are empty seats and indifference.

I wonder if the old wolf is not taking advantage of that circumstance. I wonder if, when you stave him off from the front door, guarded by the Committee on Appropriations, he does not sneak softly, quietly in through the window—the Banking and Currency Committee. [Applause.]

I wonder if we who are elected to guard the public interest should not be very suspicious of this F. H. A. bill which authorizes another billion dollars to be used in guaranteeing real-estate loans. It arbitrarily picks out a favored portion of people and guarantees their notes to the extent of a billion dollars, notes which the Administrator admitted would not be accepted by private lenders who would not consider it safe to risk their capital for that purpose—this at a time when our country is filled with hungry people—when out of every dollar they spend for food, 20 cents goes back to the Government to pay for such activities.

It is true that an ex-college professor from one of the departments testified at the hearings that if we add another billion dollars to the capital this \$3,000,000,000 Government insurance corporation already has, it would make it more efficient, so that it would not continue to lose money out of the Public Treasury. Did you notice that most of these loans will not mature for 20 years? We will not know until then the extent of our loss.

Mr. Chairman, you do not have to go to college to find out something about real estate and know that the real-estate business is highly speculative and hazardous. During the period from 1929 to 1932 the values of houses and apartments collapsed 33 percent. They had collapsed before. They will again, inevitably.

I tried to estimate how much out of this giant authorization the Government might lose. It seemed to me that over a period of 20 years the American people might, out of \$4,000,000,000, lose as much as \$1,000,000,000 of public money. I asked the best banker I know, and I asked the most successful real-estate operator I know. They advised me that, based upon their experience and observation of the

way this activity is conducted and the way these appraisals are made, we would lose not merely \$1,000,000,000 of the people's money but even as much as \$2,000,000,000 of money which the people sorely need for food and rent.

Title I loans mature more quickly than title II loans. Already, the Administrator told us, it is apparent that there is a net loss under title I of \$15,000,000. "Why, Miss SUMNER," one Member exclaimed when I mentioned it, "that is just chicken feed in an operation like this."

Maybe so; but that is not what we feed the chickens on in our farm. [Laughter.] I am not criticizing the promoters of this bill. In 1934 you wanted to stimulate employment. You knew that the English Government, through a government subsidized housing plan, had helped pull their country out of the depression. But you new dealers forgot to notice that in England, where the Government is always managed in a prudent, businesslike manner, the Government withdrew swiftly and wisely as soon as the activity was fairly started. You forgot to remember that politics are different in England, unfortunately for us. In England it is not cute, but criminal to reach out and filch money from the common pocketbook.

I have been told that I am wasting my breath to stand here and urge you not to plunge the American people deeper into this economic quicksand, this artificial real-estate boom. It may be, perhaps, since the F. H. A. has been very highly advertised, that today a Gallup poll would reveal that the American people either like or do not mind the F. H. A. But you and I are elected to be leaders, not followers. We must be statesmen, at our peril. It is our duty to foresee the calamities that may result from our votes here in Congress.

Last week I drove 1,200 miles in my district, which is in the center of the United States. My district has industries and farms. It is typical of all of the other districts in the United States. What benefits us benefits you. Some of our bankers told me they would not touch these F. H. A. loans. They said, "Recently the Government has repudiated some of its contracts and may do so again." Others explained, "The money is being spent; we might as well get some of it." A prospective borrower said, "Well, the lumber dealer told me I wouldn't have to make any down payment. You see the way they do it is to pad costs enough so that when you get your loan you can get your down payment out of the loan."

I tell you that about 1941 or sooner this activity will be as flagrantly discredited as the Farm Security or the W. P. A. People are growing more and more disgusted with costly governmental experiments. I worry lest the reaction will be so violent that they will want to discard the good things the New Deal has tried with the bad.

I offered some amendments in the committee. I have also endeavored to find some way that you New Dealers could meet this problem. The best solution is one which was devised by my brother, who has had considerable business and banking experience. I will put it into the RECORD in a few days.

It involves removing the strangling restrictions which prevent banks from making loans. It enables them to loan money freely up to their full capital. It also involves returning to the Congress the power to control the volume of credit which is, of course, the same as money—a power reserved to Congress under the Constitution; and, above all, it involves demobilizing all the various Government loaning agencies and using private money instead of the money of the people, private lending ingenuity instead of the favoritism of politicians. It is true that such a plan would discharge a great many Government employees and substitute one man for each hundred or so now doing similar work. They would complain to you; but better that each of you hear complaints from 100 of your supporters, who are now on the Government pay roll, than from multitudes of unemployed people, desperate employers, and taxpayers.

I will offer this proposal for solving the problem because I do not like to criticize your program without submitting some constructive plan to replace it. The plan I shall suggest is feasible. It is prophylactic. I think that perhaps it may

even be dashing enough to appeal to the glamorous skipper now at the helm of the ship of state. [Laughter.]

Of course, I hope that when and if we Republicans become the majority we shall be so trustworthy that the Government will not need to hire people to invest their money. [Applause.] The proposal I shall submit is just a temporary plan to keep shoes on the feet of our citizens while they are marking time. I should be glad if the administration would adopt some such businesslike plan to encourage business. Because I believe in the future of representative government I rejoice when Members on both sides of the aisle which divides the two political parties show symptoms of nobility. [Applause.]

The CHAIRMAN. The time of the gentlewoman from Illinois has expired.

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. SACKS].

Mr. SACKS. Mr. Chairman, in asking a question of the gentleman from Michigan [Mr. CRAWFORD] about the building of homes previous to the inauguration of the F. H. A. and since the F. H. A., I asked for the figures and received these from a reliable source.

I find that during the Hoover administration housing dropped to 55,000 units in the year 1934. In June 1934 the F. H. A. Act was passed. In 1935, just 6 months after that bill was passed, it rose to 144,000 units. In 1938 it had reached 346,000 units. But the most significant thing about this is not so much in the figures as to how much was built as to what it cost the public. For example, from 1931 to 1934, before the act was passed, the interest rate on first-mortgage money which allowed 50 to 60 percent mortgage value of the property was from 6 to 9 percent, and limited to a period of from 3 to 5 years.

The second-mortgage rate of interest, which included premiums and brought the mortgages up to 80 percent and 90 percent as developed under this act, added another 15 percent to 20 percent of interest. Today under the F. H. A. the maximum interest rate is 5 percent with one-half of 1 percent added for the insurance premium. This is a considerable saving to a vast number of people in this country. For this great saving alone the F. H. A. should be continued in order to keep down the interest rate and to keep mortgages within the reach of the ordinary wage earner of this country.

I have heard a lot said to the effect that this is an expenditure of \$4,000,000,000. It started early in the day, during the debate on the rule. The chairman told you that not one dollar is expended. It is merely insurance. The testimony adduced before the committee showed that the loss was so negligible that this thing would be a profit to the Government.

So you see this vast benefit is not going to the bankers; it is going to the people who are buying individual homes. I heard one of my colleagues say that there would be a \$2,000,000,000 loss in this administration. Mr. Chairman, if we analyze the reason why so many homes were dropped during the depression we shall find that the rate of wages and income went down but the rate of carrying charges on properties remained, as pointed out before on a mortgage of 80 percent, somewhere between 6 percent and 20 percent. There was a decrease in the individual's income but no decrease in the carrying charges of his property.

Let me point out further that this program has been the means of furnishing a great amount of employment to the skilled trades.

The statement was made by one of my colleagues that this program was in effect a throwing away of Government money, the expenditure of a vast amount of money to put the Government in competition with business.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 1 additional minute to the gentleman from Pennsylvania.

Mr. SACKS. I do not know what type of bankers my friend represented, but in the large banking circles in the city of Philadelphia, which is quite a banking center, they have written me and told me they are for this legislation.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. SACKS. I yield.

Mr. RICH. The gentleman said that this administration would probably lose \$2,000,000,000.

Mr. SACKS. I did not say that.

Mr. RICH. Does not the gentleman know that this administration has already lost \$20,000,000,000?

Mr. SACKS. I did not say that; the gentleman said that.

Mr. RICH. But the gentleman's administration has already lost \$20,000,000,000.

Mr. SACKS. And the gentleman from Pennsylvania on the Republican side will know where we got the money after we make it through this administration. [Applause.] [Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

ADVANTAGES OF THE F. H. A.

Mr. PATMAN. Mr. Chairman, this bill carries no appropriation. The Government is providing insurance for a fee. If a corporation in America were large enough and it were authorized to carry this insurance, in the light of the experience of the past few years that corporation would be very glad to take on this burden for a reasonable fee and would expect to make money out of it; but there is no corporation in America large enough that has such power and the administration feels that it is the Government's duty to come to the rescue of the home owners of this country for the following purposes:

First. To encourage home ownership.

Second. To give employment to unemployed.

Third. To provide a reasonable interest rate.

Fourth. To give a long term of repayment.

Fifth. To take money out of hoarding and increase its velocity.

The objects and purposes of this legislation are good. It is not a matter of the Government's extending loans, that is a mistake. The Government is not putting any money into this, the Government is merely accepting fees for the purpose of insuring these mortgages, believing that the fee is sufficiently large to reimburse the Government. In this way the Government is extending to the home owners of this Nation the use of its credit. I do not know of a more worthy undertaking. In order that you may know that it has been very helpful and constructive I will take the figures for the years 1920 to date and give you the home construction during that period. From 1920 on up to 1925 and 1926 from 202,000 to 572,000 one-family structures were built each year, but from 1930 through 1933 the number went down from 572,000 in 1925 to only 39,000 in 1933—just 6 percent. Remember, this involves durable goods. You cannot have a prosperous country unless you have a movement of durable goods. We found home construction decreasing 94 percent during that period of time, so something had to be done to take this money out of hoarding.

Estimated number of dwelling units built annually by type of structure—Nonfarm communities of United States, 1920 to date

Year	In 1-family structures	Per cent of total	In 2-family structures	Per cent of total	In multi-family structures	Per cent of total	In all types of structures
1920	202,000	81.8	24,000	9.7	21,000	8.5	247,000
1921	316,000	70.4	70,000	15.6	63,000	14.0	449,000
1922	437,000	61.0	146,000	20.4	133,000	18.6	716,000
1923	513,000	58.9	175,000	20.1	183,000	21.0	871,000
1924	534,000	59.8	173,000	19.4	186,000	20.8	893,000
1925	572,000	61.0	157,000	16.8	208,000	22.2	937,000
1926	491,000	57.8	117,000	13.8	241,000	28.4	849,000
1927	454,000	56.1	99,000	12.2	257,000	31.7	810,000
1928	436,000	57.9	78,000	10.4	239,000	31.7	753,000
1929	316,000	62.1	51,000	10.0	142,000	27.9	509,000
Average for 10 years	427,100	60.7	109,000	15.5	167,300	23.8	703,400
1930	185,000	64.7	28,000	9.8	73,000	25.5	286,000
1931	147,000	69.3	21,000	9.9	44,000	20.8	212,000
1932	61,000	82.4	6,000	8.1	7,000	9.5	74,000
1933	39,000	72.2	4,000	7.4	11,000	20.4	54,000
1934	42,000	76.4	3,000	5.4	10,000	18.2	55,000
1935	110,000	76.4	6,000	4.2	28,000	19.4	144,000
1936	199,000	73.7	13,000	4.8	58,000	21.5	270,000
1937	220,000	76.9	15,400	5.4	50,800	17.7	286,200
1938	262,300	75.6	16,900	4.9	67,500	19.5	346,700

Sources: National Bureau of Economic Research, Bureau of Labor Statistics, Federal Housing Administration, Division of Economics and Statistics, table No. 21 (revision Feb. 21, 1939).

I noticed a statement made by Mr. Marriner S. Eccles the other day to the effect that we had more bank deposits today than we had in 1929, and we had more actual money outside of banks today than we had in 1929. Mr. Eccles' statement regarding these two things was absolutely correct, but he overlooked one very material point, and that was that most of these deposits were hoarded, they were not in circulation, they had no velocity. Something must be done to entice these deposits out of hoarding and get them back into circulation.

So when the Government insures these mortgages, the Government will not take the loss. The Government will not lose and the home owners will be tremendously helped. By insuring these mortgages this hoarded money can be enticed out and put into circulation. It is not only going to help the home owners of this country but it will help the entire Nation as well.

This is not a bill to appropriate money. It is not a bill to make loans to individuals by the Government. It is far from that. It is a plan to use the Government's credit in a useful and constructive way. As I stated, the Government will not in the end lose thereby.

I know that there are many people in this country who are fighting this proposal, and I think many of them are fighting it because it establishes a yardstick for interest. It fixes a maximum rate on home loans. People who have money to lend naturally want as much for that money as they can get, and I cannot blame them for that. But if there are social reasons why the price of this money should be lowered, Congress should take that into consideration. This bill fixes a yardstick so that people will not be charged an excessive rate of interest.

A few years ago in the District of Columbia they had a foreclosure racket on homes. People would have two or three mortgages on their homes and practically every year one of these mortgages would come due. In order to get the mortgage renewed they would have to get a new appraisal and pay for a new appraisal, pay for a new abstract and for having the record brought up to date and probably a bonus in addition to that, as well as a high interest rate and attorney fees. The F. H. A. came along and said, "We are going to abolish these second and third mortgages." That is the effect of this law. It has abolished all these second and third mortgages and put all the indebtedness into one mortgage at a low rate of interest, a rate of interest that the people can pay.

Did you know that 63 percent of the loans that have been made through the help of the F. H. A. the borrower pays less than \$30 a month? Why? Because the interest rate is low and there is a long time in which to pay.

Evidence before the committee discloses that the average loan is \$4,600. The difference between the interest rate that is usually charged and the interest rate under F. H. A. amounts to \$1,600 on one such mortgage. That is a saving of \$1,600 to every such mortgagor in this Nation. A man who owes on his home will save \$1,600 during the lifetime of that mortgage. That is what the F. H. A. is doing. That is one of the many things it is doing. I believe it is one of the best things that the Government has ever done. It is saving the home owners hundreds of millions of dollars a year.

The banks and the insurance companies are putting their money into these securities and this is one way we have of attracting their money. The banks and insurance companies have been reluctant to make investments in recent years except in Government bonds. The returns on these bonds were very low. Therefore, if we can attract this money through the use of United States Government insurance, through the instrumentality of the F. H. A., let us call it, why is it not a worth-while and justifiable undertaking? In my opinion, it is; and I think we should have quick and favorable action on this bill.

The measure directly concerns progress of orderly recovery in business and employment and the opportunity of American families to attain better living standards.

The measure is urgent at this time.

THE PRESENT BUILDING SITUATION

The table which presents building permits yearly since 1920 shows that residential building has been tending upward for several years.

Sustained activity in residential building is essential in restoring employment to satisfactory levels, in putting unemployed men back to work. Home building employs a large volume of labor on the site.

The production and transportation of building materials and of the equipment that goes into houses reaches into every section of the country, out into the forests, down into the mines, into our mills and factories, and throughout the length and breadth of the great transportation networks that serve our Nation.

If we are to raise our living standards, we need large numbers of new homes, not only to accommodate our growing population but to enable us to scrap the disgracefully substandard homes in which so many of our families are forced to live.

Even with the 1938 upturn, private residential building was only about 40 percent of the 1926 level, while total private building construction, including commercial, factory, and so forth, was only 35 percent of that in 1926. Even with the Government's program of public works, total construction activity in 1938 had attained a volume not over 50 percent of that in 1926.

JOBS NEEDED

Prosperity may ride to town on an automobile, but it takes plenty of good, steady jobs on the scaffold to keep it with us.

After a fair recovery in building activity had gotten under way in the fall of 1936 and the early months of 1937, a recession, especially in home-building activity, took place in the latter months of 1937.

The downward movement was reversed at about the time Congress passed the amendments to the National Housing Act in February 1938.

It took a few months before the full effect of the amendments was reflected in building, and, in view of the time it takes to organize and carry out home-building developments, positive action on the present amendments is necessary.

At the present time activity in residential construction is growing, and this is evident not only by F. H. A. mortgage insurance operations but by statistics on new residential building. The question whether this trend will continue affects the prospective means of livelihood of thousands of workers.

The latest weekly report of the Federal Housing Administration showed mortgages amounting to \$29,500,000 selected for appraisal, the highest total on record; for the month of March the amount was \$121,700,000, also a record.

It takes time to build up home-building volume. It was several months before the full effect of the 1938 amendments was felt in building permits, and there was a further lag between permits and employment on the job. Therefore, any delay now may result in a slack period later in the year, even if it might not lead to more serious and more extended consequences. Is Congress to take the responsibility of taking fuel from under the boiler just when our economic engine is getting up steam? It must act affirmatively and promptly, or else justify some other course.

CHARACTER OF F. H. A. FUNCTIONS

If I were speaking on behalf of a governmental agency that ran contrary to sound public policy, or to the ultimate well-being of our public and the economic institutions that serve them properly and usefully, then the Members of this body might well hesitate about continuing its full range of activities.

Happily, the Federal Housing Administration is an agency which provides for the voluntary cooperation of private industry with the strength and integrity of a well-managed branch of the Government. It aids the lender, the consumer, and industry, and in such a way that it preserves their common interests and prevents the exploitation of any one of them. In so doing, it acts as a stimulant to recovery in business and employment.

The Federal Housing Administration is a Government agency that does not rely on large Government spending to accomplish its results.

Current receipts from mutual mortgage insurance exceed its current expenses for that major activity.

The cost of handling the property-improvement loan insurance under title I is to be partly offset under this measure by the charging of a premium to be paid by the insured institutions, without any prospective increase in the maximum charge that may be made to the borrower.

The Federal Housing Administration does not in any way compel the participation of anyone in its program.

The lending institution retains discretion in selecting loans on which it applies for examination and approval for insurance. The F. H. A. affords credit insurance on mortgage loans and property-improvement loans which are found to meet its requirements.

Mortgage insurance under the 1938 amendments turned the tide of home-building activity at a critical time.

Greater stability in residential building activity and in financing residential properties is one of the great economic problems that face the country.

The Federal Housing Administration offers a constructive opportunity to attack this problem.

It protects all the groups concerned in home-mortgage financing through insistence on transactions that meet reasonable tests of soundness. We can obtain sound mortgage financing only through soundness in the vast number of individual financing transactions, and that is just what the Federal Housing Administration is accomplishing.

The continuation of the F. H. A.'s activities is important as a stabilizing influence.

IT SETS A CEILING ON INTEREST RATES TO HOME PURCHASERS

If insurance of mortgages on existing homes and the special provision regarding mortgages for less than \$5,400 on new, owner-occupied, single-family homes are allowed to lapse, the maximum rates now permitted under the F. H. A. plan would not remain effective. At the present time the F. H. A. maximum rates are reasonably effective because there is a plethora of funds seeking investment under the mortgage-insurance program. But for whatever types of mortgages the scope of F. H. A. loans may be restricted, the 5-percent interest rate could not hold. There is no effective restriction of rates at anything like that figure through the Federal Savings and Loan Association or other members of the Home Loan Bank Board. The Federal Home Loan Bank Act provides merely that mortgage charges by member institutions may not exceed the lowest contract rate of interest in the States where such rates are in effect, or be in excess of 8 percent in other States. The permitted contract rates are high in many States.

FORTY-EIGHT STATES PASSED ENABLING ACTS

It provides a unique function of national scope by enabling all different types of lending institutions wherever located to make high-percentage, long-term amortized mortgage loans.

Even with the National Housing Act, it was necessary to have enabling legislation enacted in the 48 States authorizing institutions subject to State jurisdiction to make loans on more liberal terms than otherwise allowed, provided such loans are insured by the Federal Housing Administration. These enabling acts apply only to F. H. A. insured mortgages. The mortgage insurance system enables banks, building and loan associations, savings banks, life insurance companies, and other institutions serving as custodians of long-time savings funds to take part on an equal competitive basis in financing home mortgages. Granting of loans up to 80 and 90 percent of the value and with amortization periods up to 20 or 25 years is possible for most lending institutions only as a result of the National Housing Act. If provision for this insurance is allowed to lapse with respect to mortgages on existing homes, then in most States building and loan associations would remain the only institutions legally permitted to make long-term, high-percentage, amortized loans. Even building and loan associations in many cases are restricted to loans not exceeding 66⅔ or 70 percent of the appraised valuation.

**IT INSISTS ON ADEQUATE PROTECTION OF HOME NEIGHBORHOODS AGAINST
EARLY BLIGHT**

This protection is afforded by insistence on competent layout of new subdivisions and on proper safeguards in the form of zoning ordinances or deed restrictions that will assure the good character of the neighborhood for the homes built in it.

In the case of existing homes, the character of the neighborhood and the possibilities of its decay, from whatever cause, are carefully weighed by trained members of the underwriting staff.

The Federal Housing Administration has developed property standards applicable to each of the 48 States which builders must meet to obtain mortgage insurance on their houses; the Federal Housing Administration makes sure of compliance with those standards in homes financed with insured mortgages through its trained field staff.

Above all, the Federal Housing Administration makes every effort to ascertain that the obligations assumed by each borrower are within his reasonable capacity to pay.

The mortgage is recognized as a personal obligation, with the borrower's income, character, and ability to pay as the first requisite to soundness.

RESULTS OF F. H. A. OPERATIONS

Following are figures relating to mortgage insurance on small homes during the year 1938:

Mortgage insurance under section 203 (2) (b) of title II:

Of the 149,702 mortgages for \$650,160,102 accepted for insurance during the year 1938, 97,645 for \$450,962,208 covered new homes.

Of the new-home mortgages, 81 percent, or 79,000 for approximately \$370,000,000 were for \$5,400 or less.

Of the 79,000 for \$5,400 or less, 52,000, or 65 percent, for approximately \$240,000,000 are mortgages for 81 to 90 percent of F. H. A. valuation; 42,000, or 53 percent, for \$200,000,000 were for terms of 24 or 25 years.

SUMMARY

The Federal Housing Administration has rendered a constructive service to the American people. Its policies are sound. Its policies were never of more timely significance than at the present moment, when, in the view of many observers, the forces making for further recovery are in delicate balance with those making for a sidewise movement or even backsliding.

Failure to take affirmative action now would be of no immediate or permanent gain, on the one hand, and, on the other hand, would constitute an unwarranted gamble with the employment and well-being of our people.

Mr. BROOKS. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Louisiana.

Mr. BROOKS. I value the gentleman's judgment very much. In my home town there is a section known as Cedar Grove in which live the working people who earn small salaries and wages. Restrictions have been placed around the assistance in that particular portion of my home town. May I ask the gentleman, is there anything in this law as at present on the statute books or in the amendment which would prevent the use of this system to extend help to those people who work on small salaries and on wages?

Mr. PATMAN. That is one of the objects of this law to extend help to people in the class described by the very able gentleman from Louisiana.

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. PATMAN. The building and loans are not catering to the people who are earning less than \$1,446 a year. The F. H. A. is helping many people who are earning much less than \$1,446. Besides, the building and loans are not operating all over the Nation. They are operating only in the cities and of course some of the towns, but the F. H. A. covers the entire country. I do not consider the F. H. A. objectionable from the standpoint of competition, but very desirable from the standpoint of the people and especially the home owners or the would-be home owners.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. Is it not true that a number of loans were made under title II where the monthly payments are only \$10 a month?

Mr. PATMAN. Only \$10 a month. Certainly, your people could come under that.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 25 minutes, the balance of my time, to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I intend to enliven this debate a little. It is impossible for me to believe that a billion dollars at hazard cannot possibly interest the House more than is indicated by the number now present. I recognize the ballyhoo that you received in the mail this morning, if it was similar to what I had. I should think people would be writing you from the four corners of the country under the spell of this high-pressure salesmanship.

I am sorry that my own chairman hinted this afternoon that judging from my remarks yesterday I am politically prejudiced. I cannot believe he meant that. When this bill was passed originally I supported it and tried to get the bankers in my vicinity to make use of it. I succeeded partially by getting them interested in title I, but none of the banks in my locality seemed to be interested in title II, in the taking of 80- and 90-percent mortgages. They know that this is not sound business. But I was doing my very best to help in this real estate recovery. I thought I knew something of the subject, and felt that we needed to do something to help revive the building industry. I should certainly not be considered as having been against this proposition, in its early stages.

Mr. THOMAS F. FORD. Mr. Chairman, will my distinguished friend yield for a question?

Mr. GIFFORD. I am taking the 25 minutes for the gentleman's benefit.

Mr. THOMAS F. FORD. Is it not true that the mutual savings banks in the gentleman's district loan up to 80 percent now and always have?

Mr. GIFFORD. The cooperative banks have been privileged to loan 80 percent and they often did. Our savings banks were limited to 60 percent. The cooperative banks learned their lesson as to 80-percent loans, I can assure the gentleman.

Mr. THOMAS F. FORD. But they did loan 80 percent?

Mr. GIFFORD. Yes; much to their sorrow.

I have been genuinely interested in this matter, and there is nothing of a political nature in my remarks today. It is the duty of the minority—and sometimes it is a very unpleasant duty—to try to remedy and amend legislation shown to be against the public interest. I try not to dodge this duty. I explained yesterday what happened in the city of St. Louis. It is in the Record for your perusal. I pay high tribute to the gentleman from Missouri [Mr. COCHRAN], one of the finest men I have ever known, who, although he was somewhat stirred at first, later agreed fully with everything I said, as you will see if you read his remarks, following my own of yesterday.

Twice today it has been asked, "Why did I criticize so much yesterday and yet praise the F. H. A. officials?" I said over and over again that they had done the best they could under a law which permitted these practices. I still say so. I sympathized with them, and Mr. McDonald sympathized with himself before the committee. His assistant, Mr. Colean, said in the record, "Yes; there are one or two tricks in this business." I complimented them because of the \$750,000,000 of applications presented they had approved only \$71,000,000, in spite of all the pressure brought to bear on them.

I never had any desire to paint black any official of this Government. In all my tirades, as some of you are wont to call them, can you point to one instance, except perhaps in regard to my friend, Mr. Hopkins, when he was at the

head of the W. P. A., wherein I ever attempted to fix blame on an individual. No. I have often said that if my trail led to a personality I would retrace the trail. It does not lend confidence to our people to learn of wrongdoing by their officials. Rather let us remove the cause of it. Here is a case of bad judgment, and the report I made to you yesterday was fully agreed with by the St. Louis Representatives.

I have here this morning reports of another situation in Louisville, Ky., where land values were marked up even much more, and where high-priced lawyers in Washington, with certain valuable connections helped organize the corporation and received exorbitant fees. Read about that project and I believe you would blush a little more than you did yesterday.

I am favorable to title I, but it is my duty to remind the gentleman from California that I have here several letters from real-estate organizations in his State stating that title I is causing great disturbance there because they are building little shacks of houses for \$1,000 to \$2,500 under that title, without any mortgage on them, and building them in communities where decent homes are already constructed, thus disturbing and even wrecking the values of adjoining properties. The F. H. A. officials have to tell us, do they not, that when they agree to insure a financial institution they have no supervision of the loans under title I? If the applicant can qualify under most stringent regulations listing every dollar that he may owe in the world, his assured monthly income, and answer all the other searching questions, he can qualify for the loan, and then there is no further supervision by the F. H. A. officials.

The gentleman from Massachusetts [Mr. LUCE] will offer an amendment to strike out the section authorizing the continuation of the insurance of existing mortgages. What the proponents of this legislation originally pleaded for was to get the axe and the hammer once more at work, and they stated that insurance of only new construction was desired. But we have allowed the F. H. A. to insure existing mortgages for the last few years. They promised emphatically last year they would not ask a continuation of that after July 1, 1939.

There is only one justification which they offer, and I will read to you Mr. McDonald's testimony on that:

Why should we continue to insure existing mortgages?

I think this is highly interesting.

After a lot of consideration I feel the Federal Housing Administration should be extended to old houses on the same basis as new houses. I did not feel that way sometime ago. However, a serious situation has developed. I am carrying nearly one-half million dollars of new unsold houses, and it would seem natural for me to want to favor them, but we are finding it necessary to take in trade so many old houses in order to dispose of our new houses that the old houses become a real problem in financing.

They must get an 80-percent insured mortgage on the old house so that the new buyer will have the money to put into the new structure.

Therefore, he asks that the insurance on existing homes be continued.

Yes, a new automobile cannot be sold unless you have all the allowance possible on the old automobile, but when I trade in my old automobile it is not 80 percent of its real value. It is nearer 20 percent. The broker is now in a fortunate position. He gets a fee for placing the insurance on the old house and another fee for placing it on the new house, and other fees and commissions on the sale of both houses.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Gladly.

Mr. WADSWORTH. Under those circumstances what is going finally to happen to the old house, the new one having been completed and occupied?

Mr. GIFFORD. I assume in many cases they simply want the 80-percent mortgage to get cash for the new purchase. We will finally take possession of them and sell them for what we can get. If we insure \$4,000,000,000, I feel that we are

certain to lose \$1,000,000,000. This is a new venture and we cannot foretell the losses during the future years. Real-estate values collapse suddenly at times. Mr. Fahey, with 1,800,000 foreclosures, with an average loss of about \$686 on each house, knows the situation, and he came before the committee and strongly opposed this continuance of mortgages on existing houses. I hope the amendment of the gentleman from Massachusetts [Mr. LUCE] will prevail.

There will be an amendment offered by the committee to curb the so-called switching of mortgages from building and loan institutions. This ought to help greatly. There are many conservative members on this committee. They plainly see these possible dangers in this legislation. It is not pleasant for them to advocate continuance of this Government liability. I pay tribute to these able and conservative men among the Democrats on this committee. Unquestionably they do not like to do many things which they seem forced to do under the lash of this administration. They are good servants of the administration. Their loyalty cannot be questioned.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. THOMAS F. FORD. Under what lash is the gentleman opposing this bill?

Mr. GIFFORD. Under the usual lash. Do you not know what it is?

Mr. THOMAS F. FORD. Yes; I know exactly what it is.

Mr. GIFFORD. I once saw the gentleman called from the committee to the White House and when he came back he had had his mind completely changed in a very short period of time. You well remember it, do you not?

Mr. THOMAS F. FORD. Yes; I do.

Mr. GIFFORD. The lash was certainly applied in short order and very effectively.

I took this 25 minutes especially for the gentleman from California and for others who might desire to ask questions. If the gentleman from Massachusetts falls in his amendment, we shall be somewhat reassured by the Spence amendment whereby these mortgages on existing structures cannot be switched until they first approach the mortgagee and offer him the opportunity to meet the terms offered by the F. H. A. mortgage. That is a saving clause, to say the least.

Mr. THOMAS F. FORD. Was there any opposition to that in the committee?

Mr. GIFFORD. No; certainly not. If we fail in our amendment which we shall offer, we shall certainly support that amendment and appreciate it very much.

This broker switching of mortgages has annoyed the building and loan associations in the country.

They unanimously appeal to you that you now stop insuring existing properties. They assure us that there is plenty of money available and that they are willing to loan at a reasonable and a less rate of interest than formerly. Why force them to get under this Government umbrella? Continue this for 2 years more and there may be such a clamor for everybody's mortgage to be insured that there will be no alternative for them but to get under this safe umbrella, provided that the credit of the Government remains secure. The virus of this thing has taken hold of the country. The reformers are still clamoring for more, and I suppose, Mr. Chairman, we shall have to give them a hearing on the bill for 12 regional banks in the country, capitalized for a billion dollars each, to insure the business loans made by the commercial banks. That is now openly advocated on the floor of both branches of this Congress, over national hook-ups, and is, indeed, insistently demanded.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CRAWFORD. Does the gentleman know any way in the world that we could refuse to go along insuring industrial loans if we are to perpetuate a policy of this kind?

Mr. GIFFORD. Each step leads to another. Every man in this country will demand his share of the pelf; and if you do it for one, you must do it for all. But unless you take the road back—take it immediately and run like the devil—the future of this Nation is in jeopardy.

Mr. CRAWFORD. And if this system of Government subsidy insurance is accepted, the Government eventually becomes, when it forecloses, both the owner and the seller. Is not that right?

Mr. GIFFORD. Absolutely.

Mr. CRAWFORD. And therefore it becomes a competitor of every man who owns goods, chattels, or property.

Mr. GIFFORD. And as I have shown, the Government will be the competitor of every businessman in the country. He is competing with his own money. The Government is mopping up the savings of the people in the banks, and the banks are buying bonds with their own money. They furnish the Government with all the capital they have, and it goes into competition with themselves. When will the people arouse themselves and become vocal? I predict that in 1940—and I say it to every Democrat, even though the nomination means certain election—if he has an opponent in the Democratic primary, there will be a sign written in bright letters across the sky, "Kick the spenders out." And unless you can prove that you have advocated economy, many of you will not be here in the next session of the Congress. In Massachusetts they are marching on the State house. They have started a march of taxpayers to Albany, as you will have seen in the New York Times this morning. The people are indeed aroused, and they will be further aroused and will not submit to a continuation of this reckless spending and the risking of their Nation's credit.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes. I have said that my time is the gentleman's.

Mr. THOMAS F. FORD. I am wondering about Massachusetts. Does the gentleman want the figure on F. H. A. loans there?

Mr. GIFFORD. Yes.

Mr. THOMAS F. FORD. The gentleman's people up there in Massachusetts had 3,695 loans insured under title II, amounting to \$18,634,000, and there were 53,296 borrowers under the old title I.

Mr. GIFFORD. I said that our banks used title I, and I think, especially after the hurricane season, that title I was a good thing. I have endorsed it from the start, and I do so today.

Mr. THOMAS F. FORD. Any on new construction?

Mr. GIFFORD. I do not know a single house in my congressional district of new construction that has been called to my attention, and I have visited my banks often and have said to them, "Why do you not take advantage of title II?" They will not use it, although a Vermont life-insurance company is taking mortgages in Texas and other far-away places.

Mr. THOMAS F. FORD. Of the 3,695 loans, 1,339 were on new houses.

Mr. GIFFORD. Out of more than 3,600 loans, only 1,339 for new houses. That is not a very satisfactory proportion, is it? Read the figures for Los Angeles and see what the Government has done for the people out there.

Mr. THOMAS F. FORD. Does the gentleman want them? There is over \$100,000,000 in F. H. A. there, about 40-60 on existing and new.

Mr. GIFFORD. About 50 times as much as Massachusetts has taken.

Mr. THOMAS F. FORD. Well, Los Angeles and California are much greater than Massachusetts, in my judgment.

Mr. GIFFORD. Most of the banks did not want title II. They may have to use it sometime, because they will lose their business unless they get under this so-called umbrella.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. CRAWFORD. I seem to be getting the impression this afternoon that there is a philosophy at work on the floor to the effect that the only way for our people to operate is to be subjected, or, we will say, driven through desperation to Government ownership and Government subsidy. Does the gentleman really believe that that is the only way out for the capitalistic system, that it first must be put through the wringer by Government operation in order to teach it a lesson?

Mr. GIFFORD. Oh, by Government operation you have kept the railroads and every other sort of thing out of the wringer. Temporarily it has been kept from going through it. They have been kept from going through the wringer by all manner of subsidies and loans by the Government. Only a few years back the word "subsidy" was a real red flag to a Democrat. I can only assume that much should have gone through the wringer long ago.

Mr. CRAWFORD. As evidenced by what we saw on the front page today with reference to bartering cotton for these other goods—rubber, for instance—what will the man do who makes rubber toys? Is he going to hold the raw material and goods in process and finished goods against the Government ownership of rubber? What about the man who makes things out of tin? Have we got to resort to that to save the capitalistic system; or does that destroy it?

Mr. GIFFORD. I hardly know what to think. But rubber and tin are to be bought now because they are war materials, to be held 5 years before being sold, in return for purchases of wheat and cotton, to any nation that will take and hold them for 5 years. This is the latest and newest proposal. We are not yet able to understand it fully, but it is claimed as a step toward peace between nations as a profitable venture. But we do know that wheat was recently sold to Germany at a loss of from 30 to 40 cents per bushel to the taxpayer. We know that that happened, do we not? But that was probably an administration gesture of peace toward Germany.

Mr. CRAWFORD. In the name of peace.

Mr. GIFFORD. Yes. I do not blame the gentleman from Michigan for making the speech he did today. I am almost persuaded to go the whole way with him. The philosophy of the bill is wrong and he cannot vote for this bill if amended. I would go so far that I would vote for title I, where loans are limited to \$2,500. I would vote for section 203, where the units are so small that we can have proper supervision. But I am against the insurance of these large loans running into the millions. Perhaps we ought to get behind the gentleman from Michigan and say, "Stop; and stop now." But my Republican chairman said today that he is going along with all phases of this bill and that statement breaks the solidarity of the minority. He is an extremely able man. He is well worthy of holding the position of ranking member on our side of the Banking and Currency Committee. But I fail to understand his attitude on this bill. I think he fears, as he suggested, that it would be called political if he opposed it. He suggested that in my own case, the philosophy of this activity is probably wrong and there are some others like the gentleman from Michigan who will oppose it entirely from that standpoint, to their great personal credit. Their stand is certainly not taken from a political viewpoint.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Yes; I yield again to the gentleman.

Mr. THOMAS F. FORD. Let us take the philosophy now, for instance. Prior to the F. H. A. the loaning of money was in the hands of people who loaned it at 8 to 10 percent, and they loaned it for 3 years.

Mr. GIFFORD. That was probably in Los Angeles, not Massachusetts.

Mr. THOMAS F. FORD. All right. Five or six percent. They loaned it for 3 years, and they came in and got a refinancing of it. Under this law we have stopped all that, and we have given the man who owns a home an equal opportunity to borrow money with the man who is building a

home, and put them all on the same basis, 5 percent, the lowest interest rates we have had in this country, as a general thing, in all of our history.

Mr. GIFFORD. Yes. You brought every citizen of the United States under the same sort of umbrella, with his own money.

Mr. THOMAS F. FORD. The police power of the United States Government ought to extend to protecting mortgaging of homes as well as to stealing from homes.

Mr. GIFFORD. Keep on loaning the credit of your Government and loaning the money of the people through these agencies, and there will be an end some time I fear rather sooner than some now imagine. You are living in a psychological atmosphere at this very moment. No one knows when the break is going to come.

Mr. THOMAS F. FORD. Oh, I have enough confidence in the people of the United States to know that it is not going to break as long as we have a great leader in the White House called Franklin D. Roosevelt.

Mr. GIFFORD. Yes; I have heard of him. [Laughter.] In fact, I have a cartoon here that was sent to me by a friend of mine. If any of you want to see it, it speaks volumes. Come and see me after the debate. [Laughter.]

Mr. THOMAS F. FORD. Will the gentleman yield further?

Mr. GIFFORD. Again?

Mr. THOMAS F. FORD. I am going to make a statement to you, and it is true. If the F. H. A. had been in operation in 1929, 1930, and 1931 you would not have needed the H. O. L. C.

Mr. GIFFORD. Perhaps not, but if we had not had that election—

Mr. THOMAS F. FORD. But your party did not have the courage to put it in.

Mr. GIFFORD. But if we had not the result of that election in 1932, which frightened the public out of its wits for 4 long months, things would have been far different today.

Mr. KEEFE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. KEEFE. Listen to this debate—

Mr. GIFFORD. This is not now a debate. This is a diversion from the debate.

Mr. KEEFE. Listening to this colloquy, if you call it such, I observe that some of the gentlemen on the Democratic side take great pride and credit in reducing interest rates to mortgagors in this country. I am glad that interest rates have been reduced, but I wonder if they forget that there are millions and millions of people who have had their money tied up in banks, who used to get 2 and 3 and 4 percent interest on their savings, who today are lucky if they get 1 percent. I wonder if they have forgotten that the insurance companies have lost their savings and their ability to earn money, so that dividends on insurance policies have been reduced, so that insurance is costing more money, and that, as a matter of fact, there always is a repercussion in the matter of this lowering of interest rates which benefits one class and is a detriment to another class. There are thousands of people in this country who retired on investments, but who find their income today, due to a decrease in interest earnings, so small that they cannot exist. Trusts and charitable institutions find themselves in a similar situation.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I will answer the gentleman's question, since it is directed to me. Well do they understand, but they care not. They are wholly for the so-called have-nots. Protection for those who have, even if they have only a little, is not the aim of this administration. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. All time on the minority side has expired.

Mr. WILLIAMS of Missouri. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, during the 4 years I have been in this body the main criticism I have heard directed toward the Democratic Party was that it was constantly passing legislation to stifle initiative, to throttle business, and do everything possible to discourage private enterprise. I say to you that if one piece of legislation more than any other has encouraged the expenditure of private funds in private enterprise it is the Federal Housing Administration Act.

Over \$1,800,000,000 has been put into circulation by lending institutions in the building industry. In addition to this, there is the equity of the home owners, which will make the total reach more than \$2,000,000,000. With this approximately \$2,000,000,000 I believe we have made a very substantial contribution to the stimulation of the capitalistic system we are trying to maintain and carry on in this country. This result in itself is sufficient to warrant my support of this bill. This stimulation has resulted in increased private employment to the extent of many thousands of jobs. The building-materials industry that was lying dormant has been given new life, and we have created a new and active real-estate market, a business which had been dead since the depression of 1929.

Much criticism has been aimed at that feature of the bill which provides insurance of old construction. The testimony before our committee was that in 62 percent of the cases where a mortgage is refinanced on old construction there are major improvements put on the structures. As a result of this refinancing, therefore, there has been considerable contribution to employment and to private industry.

Listening to the arguments of some of my distinguished colleagues on the Republican side who serve on this committee with me, it seems to me their concern is more with the profit of the building and loan associations than with the risk or contingent liability of the Government or the interest of the little home owner who is purchasing these thousands of homes.

So I say to you any one of these reasons is sufficient to warrant support of this particular legislation. Another feature which I consider to be important in spite of what I have just heard on the floor is the reduction of interest rates. We know that throughout this country—perhaps not in Massachusetts and some of the New England States—but we know there are portions of this country where interest rates of even 7, 8, 9, and 10 percent have been charged. They never seem to have heard of the word "usury." The F. H. A. Act has had the very beneficial effect of reducing these interest rates throughout the country and particularly in those areas where these exorbitant rates prevail.

The pending bill provides for a continuance of only 2 years. So far as old construction is concerned, if at the end of that time we have our system going in high gear again, then I, like some of my Republican colleagues, would be in favor of withdrawing from this business and letting private initiative take it over.

Mr. RICH. Does the gentleman have any idea that in 2 more years of the same kind of operation his administration will be in any better situation than it is now, when in the last 6 years they have gone \$20,000,000,000 in debt?

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, there are no further requests for time on this side.

The Clerk read as follows:

Be it enacted, etc., That subsections (a) and (b) of section 2 of the National Housing Act, as amended, are amended to read as follows:

"SEC. 2. (a) The Administrator is authorized and empowered, upon such terms and conditions as he may prescribe, to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installment lending companies, and other such financial institutions which the Administrator finds to be qualified by experience or facilities and approves as eligible for credit insurance, against losses which they may sustain as a result of loans and advances of credit, and purchases of obligations representing loans and advances of credit, made by them subsequent to the date this section, as amended, takes effect, and prior to July 1, 1941, for the purpose of financing alterations, repairs, and improvements upon or in connection with existing

structures, and the building of new structures, upon urban, suburban, or rural real property (including the restoration, rehabilitation, rebuilding, and replacement of such improvements which have been damaged or destroyed by earthquake, conflagration, tornado, cyclone, flood, or other catastrophe), by the owners thereof or by lessees of such real property under a lease expiring not less than 6 months after the maturity of the loan or advance of credit. In no case shall the insurance granted by the Administrator under this section to any such financial institution on loans, advances of credit, and purchases made by such financial institution for such purposes subsequent to the date this section, as amended, takes effect, exceed 10 percent of the total amount of such loans, advances of credit, and purchases. The total liability which may be outstanding at any time plus the amount of claims paid in respect of all insurance heretofore and hereafter granted under this section and section 6, as amended, less the amount collected from insurance premiums and deposited in the Treasury of the United States under the provisions of subsection (f) of this section, shall not exceed in the aggregate \$100,000,000.

"(b) No insurance shall be granted under this section to any such financial institution with respect to any obligation representing any such loan, advance of credit, or purchase by it (1) if the amount of such loan, advance of credit, or purchase exceeds \$2,500, or (2) if such obligation has a maturity in excess of 3 years and 32 days, unless such loan, advance of credit, or purchase is for the purpose of financing the construction of a new structure for use in whole or in part for residential or agricultural purposes, or (3) unless the obligation bears such interest, has such maturity, and contains such other terms, conditions, and restrictions as the Administrator shall prescribe in order to make credit available for the purposes of this title."

Mr. VOORHIS of California. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I make this pro forma motion merely for the purpose of asking a couple of questions about the bill. Will the chairman or some member of the committee please tell me the significance of this provision with regard to the rate of interest on title I loans, and also with reference to the length of time for repayment of such loans?

Mr. WILLIAMS of Missouri. The gentleman understands, of course, that as the law now stands there is no premium payment in operation under title I.

Mr. VOORHIS of California. My question was not about the premium payment but was about the rate of interest. I want to know how the rate of interest is determined under title I.

Mr. WILLIAMS of Missouri. There is no limitation in the law as it now stands with reference to the rate of interest under title I. The rules and regulations of the Administration provide for the discounting of approved loans at from 3 to 5 percent per annum, which means an annual rate of interest of about 9.7.

So far as new construction loans are concerned they have been discounted at the rate of 3½ percent per annum, which means an annual interest rate of about 7 percent or a little less.

This bill is not intended at all to change that arrangement.

Out of the interest rate the lending institutions are paid the 1-percent premium per annum on the loans.

Mr. VOORHIS of California. How about the length of time these loans are to run? There is a good deal of feeling in my section of the country that title I loans should be allowed to run 10 years instead of 7, which I understand is the time limit at present.

Mr. WILLIAMS of Missouri. Under the practice which has been followed under the present law this amendment places a limitation on approved loans of 3 years and 1 month; 3 years, in fact, on loans for improvement purposes. There is no limitation so far as loans on new construction are concerned, and the practice of the Administration has been to make such loans for a period of 7 years. I understand there has been considerable demand to extend this period to 10 years. That, however, is in the discretion of the Administration.

Mr. VOORHIS of California. Does the gentleman feel that might be done in certain cases?

Mr. WILLIAMS of Missouri. Of course, I cannot answer what the Administration may do about it, but I think perhaps that would not be a bad idea. My own personal opinion is it would not be a bad proposition to extend these loans to a period of 10 years. It would give those who want to borrow

money to build a rather modest home a longer period within which to pay back the money. That is my own individual opinion. The gentleman understands there is no limitation in the law with reference to those loans at all and none in the amendment so far as the new structures are concerned.

Mr. VOORHIS of California. I thank the gentleman.

Mr. THOMAS F. FORD. Will the gentleman yield?

Mr. VOORHIS of California. I yield to my distinguished and able colleague from California.

Mr. THOMAS F. FORD. As I conceive it, there is no reason why a man who takes one of these title I loans for the construction of a building and carries it for probably 3 years cannot put it under title II and get a 90-percent loan on his building for the balance of the time, getting it for the long period that operates under title II.

Mr. VOORHIS of California. Is there any provision in this bill, either express or implied, which would make it possible for the F. H. A. to make inspection of new construction under title I?

Mr. THOMAS F. FORD. That is why the 1 percent was put in.

Mr. VOORHIS of California. Does that mean that section 2 of this bill carries an implication, in view of the fact this premium charge of 1 percent is made, that thereby the F. H. A. will have an obligation or at least the power to make an inspection of these buildings?

Mr. THOMAS F. FORD. I may say to the gentleman that heretofore they have not done that because there was no premium of any kind received for that work. It is the intention of the F. H. A. to practically subject title I to the same regulations that they operate under with reference to title II, with some modifications.

Mr. VOORHIS of California. I thank the gentleman.

Mr. Chairman, in the minute or two that remains, I merely want to point out that we are today living in an age of abundant accumulated capital and we are also living in an age when certain features of the past are still with us. One of them is the kind of halo around 6-percent interest. May I say to the gentlemen on this side of the aisle who have been objecting to this legislation, and it seems to me so grossly misrepresenting its purposes and provisions, that it certainly is a function of government in this day and age to be effective in reducing the rate of interest on pure money in order to encourage investment in productive enterprise.

[Here the gavel fell.]

Mr. JENSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. JENSEN: Page 3, line 11, after the word "purposes", insert "Provided: That if such loan advance of credit or purchase is not in excess of \$1,000 (one thousand) the obligation to be eligible for insurance under this section may be for a period not to exceed 10 years."

Mr. JENSEN. Mr. Chairman, the reason I have offered this amendment is because of having been in the lumber business 24 years. I have had considerable to do with the F. H. A. A lot of poor folks have come to me since the F. H. A. was instituted and asked how they could borrow a little money to start a home. I tried in every way I could to help those folks and a lot of them were mighty fine people. Some of them were young; some of them were folks 40 or 50 years old or older. But regardless of how we tried to get them under the Federal Housing Act we could not do it.

Many of them wanted to borrow only five, six, or seven hundred dollars. They did not expect indoor plumbing. They were willing to have just the common kind of a home consisting of two or three rooms. Some of them had an old house that they wanted to tear down and put up a new one in its place. They were defeated, because they could not qualify under this act.

Most of them wanted to build on the outskirts of the town where they could have a garden. I understand that this bill as written and amended will permit the Administrator to increase the length of time. Up to the present time the average has been 5 years under title I.

I hope my amendment will be agreed to, because I am sure if this Administration under title I will extend the time to 10 years on these small loans these folks will then have an opportunity to pay eight or nine dollars a month; then those folks who earn from forty to sixty-five dollars a month will have a chance to finally have a home of their own. Not only that, but this applies to new construction exclusively; it will also apply to farmers who may want to build a hog house or barn.

Mr. STEAGALL. Will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from Alabama.

Mr. STEAGALL. Let me suggest to the gentleman that the amendment which he has offered, it seems to me, would defeat the purposes the gentleman has in mind. Under the bill as drawn, the Administrator is clearly authorized to fix the maturity on mortgages covering home construction for 10 years or more if he sees fit. I have no doubt that in many cases that will be done under the bill as presented to the House. The gentleman's amendment, however, specifically provides that the Administrator may fix maturity at 10 years where the loan does not exceed \$1,000.

I respectfully suggest to the gentleman that from his viewpoint it is best to leave the bill just as it is.

Mr. JENSEN. I am pleased the committee chairman has spoken. What I wanted to bring to the attention of this august body is the simple fact that the poorer folks in the past have not had an opportunity to come under this act. I hope the Administrator will take cognizance of the wishes of this body and as long as this act is in force will give his attention and concern to those who really need attention in this respect.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman has made the statement that the average is 5 years.

Mr. JENSEN. That has been the average.

[Here the gavel fell.]

Mr. MURDOCK of Arizona. Mr. Chairman, I move to strike out the last word.

I am somewhat in sympathy with the amendment just offered as far as the time limit is concerned. I, too, have received many complaints that under title I the limit has been approximately 5 years.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. MURDOCK of Arizona. I yield to the gentleman from Georgia.

Mr. BROWN of Georgia. The gentleman misunderstands the character of this provision. There are no limitations on the time at all. One loan might be for 15 years, one might be for 20, one might be for 7, and one might be for 10. It depends on the borrower. I believe the gentleman is wrong in seeking to tie the Administration down because it is sometimes safer to extend loans of 20 years to some people than loans of 7 years to others.

Mr. MURDOCK of Arizona. That feature appeals to me, too. However, I do believe the Administrator ought to take notice of this so suitable loans can be extended to 10 years, and I believe we should make it 12. If we do not wish specifically to liberalize the law, I do hope we may liberalize the administration of it.

I have here a letter from a prominent citizen of Arizona who calls attention to the fact that under the past administration of title I the time has been too limited, in his judgment. The payments are thereby made too large for the prospective small-home owners whom we want to benefit by this legislation. I will not press the matter further, but I do wish to call this phase to the attention of the Committee and at the same time approve the pending legislation in general.

I noted the words of my friend the gentleman from California [Mr. VOORHIS] who spoke concerning the halo around 6-percent interest. Throughout the West, where I grew up, the prevailing rate varied from 8 percent to 12 percent.

Practically all my life I have paid 10 percent and only the banker saw the halo. Too long have we been permitting one group of businessmen to charge a high rate of interest and thereby benefit their business at the expense of the poor class of people who were not able to establish homes. I have here a sheaf of letters commending just such legislation as we have before us now. It is true these letters are from lumber companies and businessmen who supply building materials, but I also have here letters from three of the largest banks of Arizona. All these business institutions some weeks ago asked that the life of this legislation be extended as this bill now proposes. I know you may say, "Certainly, these lending institutions want it extended because they are making a profit out of it." About \$14,000,000 worth of business under this original act has already been done in the State of Arizona and more than 15,000 families have been served. Ours is a new and growing community needing aid.

I know of many young couples who are now permitted to have homes and who except for this legislation would not have had them. I also know of some young people with good salaries who are unable to pay the rates because under title I the time limit has been cramped down to 5 or 6 or 7 years when it ought to be 10 years. So I am pleased to see now that the Administrator under title I has the power to extend the period of the loan to 10 years, I believe. Is that not correct?

Mr. WILLIAMS of Missouri. There is no limit on it at all. There is no limit on the time to which he may extend these construction loans.

Mr. MURDOCK of Arizona. With that in view, again I hope we are not only liberalizing the legislation but liberalizing the Administrator as well. Therefore, I heartily support this legislation. I believe it is a humanitarian effort to aid business and at the same time aid in housing that third of our population which has never been able to call any dwelling place a home.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. JENSEN].

The amendment was rejected.

Mr. JOHNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JOHNS: On page 2, line 4, after "July 1", strike out "1941" and insert in lieu thereof "1940."

Mr. JOHNS. Mr. Chairman, I believe we need this housing program today in order to stimulate business in this country. I feel, however, that 1 year is sufficient for this purpose. This is a dangerous thing the Government is going into. It is bad enough for the Government to be borrowing the billions of dollars it is borrowing today, let alone guaranteeing other billions that somebody else is borrowing. That is the danger I see about this. I can see no difference in this respect between the Government and an individual. If I were a banker and some man came to me who was in business and borrowing money, and I found that he was endorsing other individuals' notes, I would watch him very closely to see that he did not lose his credit with the bank with which I happened to be connected.

If we are going to have prosperity in this country, we can have it in the next year as well as in the next 2 years. If we are not going to have it, this Congress will be in session a year from now and we can then extend this time. If we do not have prosperity, let us get out of this idea of guaranteeing the obligations of somebody else.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman knows this guarantee of an additional billion dollars is subject to the President's say so? It is not mandatory. They do not get \$4,000,000,000 unless the President finds it necessary.

Mr. JOHNS. I did not say anything about the amount. The principle is the same if it is \$5,000,000,000 or \$4,000,000,000. It does not make any difference about that. The prin-

ciple is that we should not do it. It is poor business. You can talk to anyone and he will tell you the same thing. There is no reason we in this country should be guaranteeing anybody's obligations today.

We have \$3,510,000,000 lying idle in the banks today, and nobody will borrow it simply because they have no confidence in present conditions in this country, and, of course, if somebody would guarantee this \$3,510,000,000, then they might be able to lend it, but that is the only way they will lend it.

You can go to a bank if you want to and borrow money today if you believe you have confidence enough in the present conditions to go ahead and operate a business, but I would not invest any money today myself in any business where I was going to enlarge it. I have not that confidence, and we must restore such confidence in this country if we ever expect to get any place again.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield.

Mr. THOMAS F. FORD. Would the gentleman say that applies to industry generally?

Mr. JOHNS. That applies to industry, as I understand it, and talking not only of the bankers but businessmen everywhere, and I happen to be a businessman.

Mr. THOMAS F. FORD. Then industry must be very funny, because in the last few years they have averaged 8.3 percent, and that is good for industry.

Mr. JOHNS. Let me tell the gentleman, as he may have noticed, 740 business organizations in this country that were reported on by the Chase National Bank showed that a large percentage of them did not make anything but lost millions of dollars last year.

Mr. THOMAS F. FORD. I am quoting the National City Bank.

Mr. JOHNS. The National City is the same as the Chase National. They both have the same obligations, and I would like to see the National City figures that the gentleman speaks about.

Mr. THOMAS F. FORD. The gentleman will find them in the RECORD.

Mr. JOHNS. There is no question about the fact that what we need in this country is confidence. We have the greatest resources of any country in the world and we have the money here. We do not need any more money to operate with in this country if we just could have confidence to invest what we have.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield to the gentleman.

Mr. VOORHIS of California. Does the gentleman know of anything that is more fundamental to confidence on the part of people in this country than knowledge that there will be an adequate flow of consumer buying power in the hands of the people of this country to purchase the goods that industry can create?

Mr. JOHNS. There is not any question about that, and there is no question but that the only place or the only thing we have any confidence in today in the United States is Government bonds, and that is because they are guaranteed by the United States Government. Just look at your bank statements and you will find that 25 percent of their deposits are now invested in United States bonds, and 60 percent of their resources.

[Here the gavel fell.]

Mr. MARTIN of Massachusetts. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. JOHNS. That is true also of the insurance companies. They are investing in United States bonds and today United States bonds are the only investment that any organization that has money to invest will invest in, be-

cause there are not any commercial loans of any kind that are worth while, and that is the reason for it.

We still have faith in the Government and I have faith that the time is coming, and is not far away, when we are going to see a change in this country, but it is going to be at a time when the President of the United States and the Democratic Party are going to say to the people of the United States, "Now, we are through with experimenting, we are now going forward and transact business as we used to transact it in this country."

There have been many fine things that have been done, but there have been so many nonsensical things done that the American people are sick and tired of it, and they are not going to tolerate it any longer. [Applause.]

Mr. STEAGALL. Mr. Chairman, I think I am accurate when I make the statement that the general support of title I of this bill is greater than with reference to any other provision. Certainly it is the most important provision in the bill so far as we hope to extend the benefits of the measure to the rural sections of the country. The adoption of this amendment would discriminate against those sections and destroy the benefits intended for them. The provision for the insurance of homes at larger cost is to be made permanent law under this bill. We are only asking to extend title I for 2 years. Certainly we should not stop short of that time if we are to give sympathetic consideration to the rural communities of the United States. I hope very much that the amendment will not be adopted.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. JOHNS) there were—ayes 57, noes 80.

So the amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 2, line 10, after the word "tornado", insert the word "hurricane."

Mr. STEAGALL. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. Section 2 of such act, as amended, is further amended by adding at the end thereof the following new subsections:

"(f) The Administrator shall fix a premium charge for the insurance hereafter granted under this title, but in the case of any obligation representing any loan, advance of credit, or purchase, such premium charge shall not exceed an amount equivalent to 1 percent per annum of the net proceeds of such loan, advance of credit, or purchase for the term of such obligation, and such premium charge shall be payable in advance by the financial institution and shall be paid at such time and in such manner as may be prescribed by the Administrator. The moneys derived from such premium charges shall be deposited in an account in the Treasury of the United States, which account shall be available for defraying the operating expenses of the Federal Housing Administration under this title, and any amounts in such account which are not needed for such purpose may be used for the payment of claims in connection with the insurance granted under this title.

"(g) The Administrator is authorized and directed to make such rules and regulations as may be necessary to carry out the provisions of this title."

SEC. 3. Section 6 of such act, as amended, is hereby repealed.

SEC. 4. The provisions of sections 1, 2, and 3 of this act shall take effect on the first day of the second calendar month after the date of enactment of this act.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 4, line 19, add a new section, as follows:

"Section 202 is hereby amended by striking out the word 'create' and inserting in lieu thereof the word 'created.'"

Mr. WOLCOTT. Mr. Chairman, the Government Printing Office or the enrolling clerk inadvertently left out the letter "d" from the word "created." This is to correct that error

in existing law and to avoid the possibility of anybody contesting the validity of a mortgage.

Mr. STEAGALL. Mr. Chairman, I have no objection to the amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The Clerk read as follows:

Sec. 5. Subsection (a) of section 203 of such act, as amended, is amended to read as follows:

"Sec. 203. (a) The Administrator is authorized, upon application by the mortgagee, to insure as hereinafter provided any mortgage offered to him which is eligible for insurance as hereinafter provided, and, upon such terms as the Administrator may prescribe, to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon: *Provided*, That the aggregate amount of principal obligations of all mortgages insured under this title and outstanding at any one time shall not exceed \$3,000,000,000, except that with the approval of the President such aggregate amount may be increased to not to exceed \$4,000,000,000: *Provided further*, That on and after July 1, 1941, no mortgages shall be insured under this title except mortgages that cover property which is approved for mortgage insurance prior to the completion of the construction of such property."

Mr. LUCE. Mr. Chairman, I move to strike out the section.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 4, strike out section 5.

Mr. LUCE. Mr. Chairman, this is the section that provides for continuing the insurance of existing structures for 2 years longer. It is the heart of the criticism of the bill. It is the one provision in the bill to which objection is made by the representatives of the building and loan associations. It is favored by the large insurance companies. The building and loan associations—and I say this simply because there may be some gentlemen present who were not here earlier in the day—see in this section competition by the Government which will deprive them of an important field for the investment of their money. The choice lies between 6,000,000 members of these thrift institutions on the one side and on the other the spokesmen for the large insurance companies. A vote for the amendment is a vote to continue the opportunity for growth of an organization which had its foundation more than a hundred years ago, which grew through the century until it reached the point where Congress decided to supplement it by encouraging the organization of Federal associations of the same sort throughout the country. This growth of thrift associations can stand side by side with that of the savings banks. They were an eastern institution, and even at this time there are but nine between Ohio and the Pacific Ocean, and none in the South. Savings banks and building and loan associations were the only opportunities for the encouragement of thrift and for the building of homes by amortized payments.

That idea of amortization has now been taken over by the national banks, the State banks, trust companies, and other similar institutions. A good idea, but the building and loan associations began it, and have been using it for a hundred years. These organizations are the best things we have in this country for encouraging people to save money and to use that money, if they desire, in the building of homes. About one-fifth of the members are home builders. The other four-fifths are depositors. At great expense very widely the Government has advertised the desirability of using these institutions, but here it comes along and gives the opportunity to other banking institutions to take away the chance to invest the money of the thrifty people of small incomes. Because of their fear, they wish to be let alone. They do not wish to have to compete with a Government that can borrow money for 2 percent, loan it out for 5 percent, and so destroy any competitor. I join in their hope that we may not pass the legislation as it stands, but may continue the law to the state in which it is now.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment.

Undoubtedly, if the work of the Authority is to continue, it is necessary that there shall be an increase in the amount

of insurance liability to be incurred. That is one of the new provisions in the section which is covered by the motion of the gentleman from Massachusetts [Mr. LUCE]. The provision only permits incurring additional liability in the amount of a billion dollars, upon approval of the President, which is intended to take care of the necessities and developments that may be faced before there can be further legislation on this subject.

In this connection, it should be said again that the Government is not making loans on homes or other real property. What is undertaken to be accomplished by this legislation is to set up machinery by which loans may be insured, at the expense of the borrowers, but in a way that will stimulate a revival of building activities, induce capital to make investments of this kind, and to afford citizens opportunity to become home owners. If we strike from this bill the provision which extends authority to insure loans on existing structures, we shall be confronted with many instances where such loans are inseparable and indispensable to new construction and the building of new homes. It is similar to the case of new and second-hand automobiles. In many of the States legislation has been passed to permit citizens to avail themselves of this legislation.

Under statutory regulations in the States lending companies, banks, building and loan associations, and other lending agencies find themselves handicapped by restrictions as to the portion of the value of the property upon which loans may be made, 60 percent being about the highest. The States have passed legislation taking out of these restrictive statutory provisions loans that are insured by the Federal Housing Authority. If the Federal Housing Authority withdraws from that field of service, citizens of those States will find themselves back under statutory restrictions, limiting the amounts of loans to be made, which will leave them under the old system of second and third mortgages, with all the incidental expenses to be incurred.

This provision of the law would be extended under this bill for only 2 years, and we have a provision in the bill which prohibits the insurance of a loan for refinancing an existing mortgage except where the applicant files a certificate that prior to the making of the application he applied to the holder of the existing mortgage and that the mortgagee refused to make a loan of a like amount and at as favorable annual cost as that of the loan secured by the mortgage offered for insurance. It is limited in operation to only 2 years. This legislation has accomplished a great measure of relief to existing home owners who would otherwise suffer unjust discrimination as between them and citizens engaged in the construction of new homes.

I hope the amendment will not be adopted.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. LUCE].

The question was taken; and on a division (demanded by Mr. LUCE) there were—ayes 64 and noes 76.

So the amendment was rejected.

Mr. VORYS of Ohio. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, whatever uses F. H. A. had during the first days of the depression, the billions of funds in private institutions, which are now available, make those uses a thing of the past. Our position now, the present amendment having been voted down, is just simply this: If it is safe and wise to make loans for 25 years at 90-percent valuation, then our laws should be changed to permit private institutions to make such loans. If it is unsafe and unwise for such loans to be made, then our Government should not guarantee them. Insofar as funds available for building are concerned, I wish to read a telegram which I have just received:

For 72 years Columbus building loan and savings associations annually have financed more homes in Columbus than all other lending agencies combined. Today they have surplus money, running into the millions, which is available for home loans. Interest rate varies from 5 to 6 percent, depending on security offered, repayable on monthly plan running from 10 to 15 years, no com-

mission or bonus charged. Loan fees lowest in history—one-half of 1 percent on existing property, 1 percent on construction loans, including inspection.

The reason that F. H. A. loans take the business away from these home institutions is the publicity and propaganda that goes on. If there is anything unsafe about the loans which F. H. A. is making, they should not make them. If the provisions of their loans are safe, then these institutions should be permitted to make them. There is no sense or necessity for extension of the present F. H. A. provisions.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. CRAWFORD. And if the interest rates generally down through the years tend downward your local building and loan associations will meet the situation and keep those rates comparable to the rates charged by the Government lending agency?

Mr. VORYS of Ohio. That is correct. Up to now we have only had usury laws and have not needed competing Government institutions by which the Government attempted to jump in and regulate rates of interest on private construction loans.

Mr. CRAWFORD. I concur in what the gentleman has said.

Mr. RICH. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. RICH. And if the Federal Government would give private institutions and national banks the same privilege it has given the F. H. A., then these banking institutions would lend a lot of the money themselves, would they not?

Mr. VORYS of Ohio. They would, except that they know a 90-percent mortgage loan is not safe for any man's money or any government's money.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. VORYS of Ohio. I yield.

Mr. SACKS. If the telegram the gentleman read is correct, under this particular bill a man would have to keep his loan with the building and loan association and could not get it from the F. H. A. because the committee adopted an amendment providing that where the terms were equal the F. H. A. could not insure the mortgage, that it must remain with the building and loan association.

Mr. VORYS of Ohio. That amendment refers only to refinancing of existing mortgages, and has no reference to loans for new construction.

[Here the gavel fell.]

By unanimous consent, the pro forma amendment was withdrawn.

The Clerk read as follows:

Sec. 6. Paragraph (3) of subsection (b) of section 203 of such act, as amended, is amended by striking out the words "until July 1, 1939."

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: On page 5, line 15, after the period, add a new section, as follows:

"Sec. 7. Paragraph (5) of subsection (b) of section 203 of such act, as amended, is amended to read as follows:

"Bear interest (exclusive of premium charges for insurance) at not to exceed 4 percent per annum on the amount of the principal obligation outstanding at any time, or not to exceed 5 percent per annum if the Administrator finds that in certain areas or under special circumstances the mortgage market demands it."

Mr. VOORHIS of California. Mr. Chairman, this amendment simply reduces by 1 percent the rate of interest on title II loans, reducing it from 5 percent to 4 percent, or from 6 percent to 5 percent in case the Administrator deems such a rate necessary.

The reason for the amendment is as follows:

It means a net realization on the part of the banks of 3½ percent interest after subtracting 1 percent for the insurance premium charge. This 3½ percent return is on a guaranteed loan on which the bank takes no risk. This is as gilt-edged as a Government bond. The reduction of 1 percent will mean

to a great many people the possibility of their being able to finance a home.

On a number of occasions during this debate reference was made to the British experience, but always without mentioning the fact that the rate of interest in Great Britain over the period of the last few years has been universally considerably lower than ours, and that one of the things that caused the increase in housing activity was the fact that the rate of interest on housing loans in Britain was held to a 3½ or 4 percent rate pretty consistently.

Furthermore, if this rate of interest is reduced by this modest amount I have suggested, it will mean in effect that it will be easier for people to pay out their mortgage, it will mean less chance of foreclosure, less likelihood that there will be any difficulty on the part of the borrower to pay out his loan.

In my opinion, as I stated a little while ago, it is generally true that the lower you can keep the rate of interest on money the greater will be the likelihood of people investing in productive enterprise instead of purchasing bonds, mortgages, or other evidences of debt. In this particular instance we have a long experience, and to my mind a very successful experience, with this F. H. A. program. To my mind this would be a logical step for us to take. I believe it can be demonstrated that it is perfectly sound and possible, and I think that for the lending institution to realize 3½ percent on a perfectly safe proposition is ample under the circumstances.

One Member this afternoon said that perhaps we had too much building. As a matter of fact America is short at least 2,500,000 homes that she needs. As a matter of further fact, the more people of a nation who can live in homes that they themselves own, the better the morale of the nation is going to be. I am not impressed at all with the argument that this is a matter of Government paternalism, and so on, and so forth. It is simply a matter of the Government's going along in a day of abundant accumulated capital and channeling investment into productive fields, giving the protection that can be given by Government and nobody else, and taking the steps that they ought to take in order to protect a system of free economy. Believe me, Mr. Chairman, if you go back to the "good old days" when you tried to adjust these things by means of bigger and better bankruptcies and when you abandon all the efforts that are now being made and have been made to increase the consuming purchasing power of the people of America, I hesitate to think how bad the result is going to be for the very business people that you profess yourselves desirous of protecting.

Mr. MURDOCK of Arizona. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS of California. I yield.

Mr. MURDOCK of Arizona. Have not the building and loan associations for years told us that the best way to build up the morale of our people was to enable them to have their own homes?

Mr. VOORHIS of California. Indeed they have.

Mr. MURDOCK of Arizona. Does not the gentleman believe in this day of preparedness that to have more of the people of the country home owners is a desirable thing?

Mr. VOORHIS of California. I certainly do.

Mr. MURDOCK of Arizona. And that this legislation will enable more extended home ownership on the part of those who have never had an opportunity to have homes? Is not that the object of this legislation?

Mr. VOORHIS of California. Exactly.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think probably it is pretty well known that I and several others are very much concerned about the interest rate. Last year when this bill was before the House a very valiant fight was made to reduce the interest rate. I am sure the gentleman from California must have joined in that fight.

It developed that this was not an agency which lends money. It is an agency which insures loans made by private institutions.

The gentleman from California [Mr. VOORHIS] may say that they are getting a gilt-edged insured mortgage at 3½ percent, but I do not think the gentleman means that. If the gentleman is sincere in wanting to give this act the full effect of which it is capable, he will not press his amendment, for it is pretty well known that the administrative cost to any bank or building and loan association or other lending agency is a little more than 1 percent.

Now, whose money do they lend? They lend the depositors' money and, if the interest on their earnings is reduced so that there is only a spread of one-half of 1 percent between what they pay in interest and what they collect as interest on these insured mortgages, then there will be no inducement whatsoever on the part of the banks and other lending agencies to lend money on real estate. The depositors are the ones who suffer. We thereby defeat the whole purpose of the act.

Let us put ourselves in the position of a board of directors of any bank or lending agency. We have the choice between a 3½-percent mortgage with the expenses attending foreclosure, if any, getting the title in shape to turn over to the Federal Housing Administration, the carrying charges on our books and the administrative cost, and an investment in a 3½- or 4-percent municipal or State bond. If we were practical bankers, we would say: "Let us fill our portfolio with good, attractive municipal bonds at 4 percent rather than take a chance on these houses burning down and the insurance companies not being solvent enough to pay for them, or the carrying charges will eat up all of the profits."

"In other words, we are taking a chance on these F. H. A. insured mortgages, but we are taking no chance on these gilt-edged municipal bonds. After all, why do we not reduce the interest rate that we pay our depositors and invest all our capital and surplus to protect the liability of our depositors in Government bonds?"

It is a simple matter for the banks to say to the depositors: "We can only afford to pay you 1 percent because we have been forced into a situation where we have to invest only in Government bonds which only pay 2, 2¼, or 2½ percent and the spread is so narrow we cannot afford to pay you more than 1 percent."

I like to feel when I stand up here and advocate that the gentleman's amendment be defeated that I am doing so in the interest of the home owner, in the interest of the man who wants to borrow this money at a reasonable rate of interest. If the gentleman is sincere about this, and I hope he is, why will he not offer an amendment to title I where the interest rate is not 5½ percent but 9.7 percent? Why does he not offer his amendment to title I where the interest rate is 9.7 percent instead of to title II where the interest rate is only 5½ percent?

[Here the gavel fell.]

Mr. WILLIAMS of Missouri. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Michigan [Mr. WOLCOTT] has said, I believe, everything to be said in opposition to the amendment offered by the gentleman from California [Mr. VOORHIS]. There is no one here who is more interested in reducing the interest rate to the home owners of the country than I am, but at the same time we have to look at this from a practical viewpoint. If we put in this bill the requirement that the interest rate be reduced to 3½ percent, it will absolutely kill the effect of the legislation. The lending institutions and building and loan associations of this country are already complaining about the low rate of interest. They are complaining about the F. H. A. taking away their business now. If we put in a provision of this kind it will add to that claim and will more or less absolutely destroy the effect of the bill.

Mr. Chairman, I hope the amendment will be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. VOORHIS].

The amendment was rejected.

The Clerk read as follows:

SEC. 7. Subsection (b) of section 203 of such act, as amended, is amended by adding at the end thereof a new paragraph, as follows: "(8) Any contract of insurance heretofore or hereafter executed by the Administrator under this title shall be conclusive evidence of the eligibility of the mortgage for insurance and render the validity of such contract of insurance incontestable in the hands of an approved mortgagee from the date of such execution, except for fraud or misrepresentation on the part of the insured mortgagee."

SEC. 8. Section 203 of such act, as amended, is amended by adding at the end thereof a new subsection, as follows:

"(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage and that, after reasonable opportunity, such holder failed or refused to make a loan of a like amount and at as favorable an annual cost to the mortgagor, including amortization provisions, commission, interest rate, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges as those of the loan secured by the mortgage offered for insurance."

Mr. SPENCE. Mr. Chairman, I offer a committee amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Committee amendment offered by Mr. SPENCE: Strike out all of section 8 and insert in lieu thereof the following:

"SEC. 8. Section 203 of such act, as amended, is amended by adding at the end thereof a new subsection, as follows:

"(e) No mortgage which in whole or in part refinances a then existing mortgage shall be insured under this section unless the mortgagor files with the application his certificate to the Administrator that prior to the making of the application the mortgagor applied to the holder of such existing mortgage for such refinancing and that, after reasonable opportunity such holder failed or refused to make a loan of a like amount and on as favorable terms as those of the loan secured by the mortgage offered for insurance after taking into account amortization provisions, commission, interest rate, mortgage insurance premium, and costs to the mortgagor for legal services, appraisal fees, title expenses, and similar charges."

Mr. SPENCE. Mr. Chairman, the purpose of this amendment is to prevent the raiding of the portfolios of the independent, uninsured, lending institutions by those who are the beneficiaries of these insured mortgage loans. I may say that the amendment has the approval of both the Housing Administration and the uninsured lending institutions. It merely provides that where a man desires to refinance his mortgage, before he can obtain an insured mortgage he must make an affidavit that the present holder of his mortgage refuses to give him as favorable terms, as he can obtain from an insured institution.

This is a matter of vital importance to the uninsured building and loan associations, as well as the uninsured other lending institutions of the United States.

While I am in favor of this legislation generally and believe it is beneficial, I am also confident the future of America and her prosperity lies along the lines of encouragement of private enterprise. I believe we should encourage the local uninsured lending institutions. The building and loan associations in my community, and I presume most of the Members have had the same experience, have encouraged a community spirit, they have encouraged thrift, they have encouraged home building, and I believe they should be assisted in every way in order to continue the useful functions they have performed in the past.

This amendment makes very little change in the present section except that it strikes out the words "at as favorable an annual cost" and substitutes therefor "as favorable terms" inasmuch as the Housing Administration officials said they would have difficulty in administering the act under the "as favorable annual cost" provision. There is also added the words "mortgage insurance premiums," so all the elements of the cost of an insured mortgage are taken into consideration in this amendment. If after taking into account all those costs, the present holder of the mortgage fails to make as favorable a loan as can be made under the insured mortgage provision, the mortgagor is then at liberty to obtain an insured loan.

I do not suppose there will be any objection to this amendment because it meets with the approval not only of

the lending institutions but of the Housing Administration. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the Committee amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The Committee amendment was agreed to.

The Clerk read as follows:

SEC. 9. Subsection (a) of section 204 of such act, as amended, is amended to read as follows:

"Sec. 204. (a) In any case in which the mortgagee under a mortgage insured under section 203 or section 210 shall have foreclosed and taken possession of the mortgaged property in accordance with regulations of, and within a period to be determined by, the Administrator, or shall, with the consent of the Administrator, have otherwise acquired such property from the mortgagor after default, the mortgagee shall be entitled to receive the benefit of the insurance as hereinafter provided, upon (1) the prompt conveyance to the Administrator of title to the property which meets the requirements of rules and regulations of the Administrator in force at the time the mortgage was insured, and which is evidenced in the manner prescribed by such rules and regulations, and (2) the assignment to him of all claims of the mortgagee against the mortgagor or others, arising out of the mortgage transaction or foreclosure proceedings, except such claims as may have been released with the consent of the Administrator. Upon such conveyance and assignment the obligation of the mortgagee to pay the premium charges for insurance shall cease and the Administrator shall, subject to the cash adjustment hereinafter provided, issue to the mortgagee debentures having a total face value equal to the value of the mortgage and a certificate of claim, as hereinafter provided. For the purposes of this subsection, the value of the mortgage shall be determined, in accordance with rules and regulations prescribed by the Administrator, by adding to the amount of the original principal obligation of the mortgage which was unpaid on the date of the institution of foreclosure proceedings, or on the date of the acquisition of the property after default other than by foreclosure, the amount of all payments which have been made by the mortgagee for taxes, ground rents, and water rates, which are liens prior to the mortgage, and special assessments which either become liens after the date of the insurance of the mortgage or which are noted on the application for insurance, insurance on the mortgaged property, and any mortgage insurance premiums paid after either of such dates, and by deducting from such total amount any amount received on account of the mortgage after either of such dates, and any amount received as rent or other income from the property, less reasonable expenses incurred in handling the property, after either of such dates: *Provided*, That with respect to mortgages which are accepted for insurance prior to July 1, 1941, under section 203 (b) (2) (B) of this act, and which are foreclosed before there shall have been paid on account of the principal obligation of the mortgage a sum equal to 10 percent of the appraised value of the property as of the date the mortgage was accepted for insurance, there may be included in the debentures issued by the Administrator, on account of foreclosure costs actually paid by the mortgagee and approved by the Administrator an amount not in excess of 2 percent of the unpaid principal of the mortgage as of the date of the institution of foreclosure proceedings, but in no event in excess of \$75."

SEC. 10. Subsection (g) of section 204 of such act, as amended, is amended by adding at the end thereof the following new sentence: "The power to convey and to execute in the name of the Administrator deeds of conveyance, deeds of release, assignments and satisfactions of mortgages, and any other written instrument relating to real property or any interest therein heretofore or hereafter acquired by the Administrator pursuant to the provisions of this act, may be exercised by the Administrator or by any Assistant Administrator appointed by him, without the execution of any express delegation of power or power of attorney: *Provided*, That nothing in this subsection shall be construed to prevent the Administrator from delegating such power by order or by power of attorney, in his discretion, to any officer, agent, or employee he may appoint."

Mr. COCHRAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COCHRAN: After line 11 on page 9 insert a new section to read as follows:

"SEC. 10 A. Subsection (c) of section 207 is amended by adding at the end thereof the following proviso: '*Provided*, That in estimating the value of the property or project for the purpose of determining the amount of insurance eligible under this section, the Administrator shall determine the value of the property as of the date of the application for insurance, and in no case shall he estimate the value of the property or project for insurance under this section to be in excess of the value of the property at such time plus the value of the proposed improvements thereon.'"

Mr. COCHRAN. Mr. Chairman, yesterday there was a lengthy discussion in reference to two projects in the metropolitan area of the city from which I come, St. Louis. It was pointed out by the gentleman from Massachusetts [Mr.

GIFFORD] how land values had been written up in making up the 20 percent that it is necessary under the law for the promoters to advance. My amendment does not touch anything except the land value at the time the application is filed. The amendment is offered for the purpose of preventing a recurrence of what happened in my city. As the gentleman from Massachusetts well pointed out, it was not the fault of the Federal Housing Administration but the fault of the law. If this be so, it is our duty to change the law.

Paragraph (c) of section 207 of the act, which I seek to amend, gives the Administrator the power in this way:

And not to exceed 80 percent of the amount which the Administrator estimates will be the value of the property or project when the proposed improvements are completed.

This shows the F. H. A. acted within the law. My contention is that we should change the law.

What happened? Promoters in my city purchased land for \$44,000 in the name of a stenographer of a firm and the next day they wrote the value up in excess of \$170,000 without spending one cent on it. That was included in the 20 percent. On another project the purchase price was about \$170,000 and that was written up to about \$300,000.

Do we mean what we say, that the promoter shall put up 20 percent before the Government will guarantee the mortgage of 80 percent? Remember now the write-ups were before one dollar had been spent in improvements. In the end it is admitted by F. H. A. the promoters spent none of their own money inside the property line. My amendment provides that the Administrator shall make the appraisal of the value of the property at the time the application is made. If the property is purchased 6 months in advance and \$100,000 in improvements made thereon, certainly the promoter should have the right to add that \$100,000 he has expended.

I appeal to my Democratic colleagues to support my amendment. I can say to you there has been no criticism of the Roosevelt administration that has been more severe in the city of St. Louis than there has been in connection with these two projects. The newspapers have been full of it. This is the way to stop it. I repeat, if we mean what we say, that 20 percent should be advanced by the promoters, then 20 percent should be advanced and they should not be permitted to write up land values as they did in my city. Not only the papers and real-estate operators protest, the general public protested and voiced their disapproval.

Mr. ANDERSON of Missouri. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN. I yield to my colleague.

Mr. ANDERSON of Missouri. If this amendment had been written into the law previous to this time, what occurred at St. Louis could not have happened.

Mr. COCHRAN. It never could have happened. They would have been required to have placed the land value in on the basis of what it cost. I say if they make any improvements after they buy the land and before the application is filed they are in a position to add that to the cost of the property under my amendment.

This is a fair amendment. I say it is our duty to change the law, when those in control of the Banking and Currency Committee admit that it was the law and not the Federal Housing Administration that was responsible. I again appeal to my colleagues on the Democratic side of the aisle to support this amendment so there will not be a recurrence of what has happened in my home city and save our administration from criticism. [Applause.]

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

If I had not paid one tribute this afternoon to the gentleman from Missouri I would pay him one now. We rejoice in the amendment. I rejoice that what I said yesterday has now been fully confirmed and acknowledged. We had thought of offering some such amendment from this side, but

had decided to offer an amendment to strike out the entire section. However, like the Spence amendment, this amendment does help a very great deal. We are pleased enough that they acknowledge the situation which we claim exists and have gone at least halfway to correct it.

Again I am glad to comment on it and extend another word of praise to my highly respected friend from Missouri. Who could afford not to vote for his amendment? Has it come to pass that so-called watered stock is actually defended? [Applause.]

Mr. STEAGALL. Mr. Chairman, let me say at the outset that no citizen in the district that I represent will ever receive any possible benefit under section 207 of this bill; certainly not any direct benefit. It is a provision the benefits of which are limited to cities, and I am sure, I will say, that I have no less interest in the provision because of that fact. I merely call attention to the situation in order that Members of the House may know what is involved.

I have stood here this afternoon to plead for an extension of the benefits of this legislation to the rural sections of this country. I think it is right. I am sure other Members of this House feel as I feel about it, whether they come from urban or from rural districts. But Members of the House from our cities should understand that if this provision of the bill is destroyed or its usefulness curtailed, the loss will fall upon citizens in the urban centers of the Nation.

Mr. Chairman, the fact is that Congress cannot administer laws of this kind. We must simply pass the legislation and set up the best possible methods for the administration of the law. There may have been some mistakes made in the administration of the Federal Housing Act. I do not believe I have ever heard of any complaint except in this one particular instance, and which, it seems to me, is quite a tribute to the officials who administer this law. Mr. Chairman, there can be but one true test by which to appraise property from the standpoint of the lender, and that is to see what sort of security is to stand back of the loan. In determining this the appraiser must look at the value of the property out of which the money is to be derived in case of foreclosure, and that means that the solvency of the mortgage must depend upon the value of the property at the time of default. This being the case, there can be no fast and hard rule such as is attempted by this amendment to eliminate consideration of improvement in value.

Everybody knows that where a project, involving millions of dollars, such as contemplated by this provision of the bill, is undertaken in any section of a city, vast enhancements in value will take place in that community. It is inevitable. There is no good reason why the people who live there should be penalized and deprived of the benefits of that development. It simply discriminates against loans of this kind. No such measure is laid down in making appraisals in any other instance. As the bill now provides loans are permitted to only 80 percent of the value of the property, whereas in other loans insurance is allowed up to 90 percent of value. Certainly the Administrator should be left free to appraise the value of property of this type of loans fairly and equitably and from the standpoint of the security and protection afforded the Authority that insures the loan.

The provision offered by the gentleman from Missouri would chain the people of a community where a development takes place to existing values in the present depressed status of real-estate values. All of us would like to see values restored to normal at the earliest possible day, and that is one of the purposes of this bill.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Missouri.

Mr. COCHRAN. I will say to the gentleman from Alabama that as far as the majority of the people of St. Louis are concerned, they want no more projects of this character, if you are going to permit them to write up the land values as they have done in the two projects we already have. [Applause.]

Mr. STEAGALL. Mr. Chairman, I respectfully insist that the gentleman's statement is not warranted. There is no writing up of values so far as we have information in this instance, but an orderly, regular ascertainment of the value of the security back of the loan as in other cases, and there is no good reason why a discrimination should be made in loans of this type.

Mr. SACKS. Mr. Chairman, I move to strike out the last two words.

At this late hour I am not going to take the entire 5 minutes, but in view of the fact this St. Louis matter has been brought up, I may say that I was shocked myself when I first heard the facts, but when Mr. Brigham, the gentleman I mentioned earlier in the day was testifying before the committee, we specifically asked him about this St. Louis matter. As a matter of fact, he testified that the reason he looked up that very project was because my good colleague the gentleman from Massachusetts [Mr. GIFFORD] had talked to him about it, and we asked him by a direct question what he thought about it. He said that as far as the land is concerned the act protects the public, because it states that although it can lend up to 80 percent, the total amount of the loan can be no more than the actual cost of the construction of the building. Now, the only thing that the promoter of the project would get would be some stock, the income from which is also limited by this act. If the property is paying and the Government risk is relieved, then he has the property. If, on the other hand, he defaults, the Government gets the property at the value on which it lent the money, which is not more than the cost of the actual construction, and whether you write the value of the land at \$150,000 or \$30,000, the Government in addition to getting this property gets also the land and the improvements, while they lose everything.

Now, how is this added cost made up? It is made up, as testified, in cash for architect fees, sewers, and other things, and, for example, when a piece of land is bought and improved, it certainly becomes more valuable.

Take, for instance, any other manufacturer or producer of some article, say, an automobile. He buys his raw materials and puts them together and he is allowed a profit on that property. The same should be given to the promoter of a project, and the Government is protected because it gets the first lien and its 80 percent insurance cannot exceed the actual cost of the construction of the property.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. SACKS. Yes.

Mr. COCHRAN. If the 20 percent was put up in actual money rather than in water, that would be reflected in the cost in the end, and it would be reflected in the rent, and the public would get the property for cheaper rent than they would when you put in a lot of water and paper and not money, and I say to the gentleman that there was not 1 cent spent on that land prior to the time that they wrote up the value. It was bought one day and written up the next.

Mr. SACKS. But the Government in committing itself bases it upon the finished product. The rent was not affected, and it was so testified before our committee, because the Government limited the amount of income, and limited it within the wage group that is supposed to rent the property. The trouble has been that we are looking at this thing as a simple property that is bought and then offered for resale at a higher price, and the value increased. That is not true in this project. Under this section its investment is based upon an insurance by the Government on a loan, which is based on the actual cost of construction. The rent, which of course added to it, goes to the Government only in default, and the stock is only as good as the project is itself.

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the pro forma amendment. I very much hope that the House will adopt this amendment. If we are not careful the effort of the Government to help in these projects is going to wind up in a lot of national scandals despite the best our administrative officers may do. How it comes about

that anybody would want the Government to put up guaranty of any more than 80 percent of the cost of the project, holding the price of the land at its value at the time application is made, I cannot understand. When we consider who is the Government, in this matter, who is guaranteeing these payments, it is all of the rest of the people. Here comes an individual who wants to build some houses for profit. He does not put up all of the money himself. That money is provided indirectly by the people who do not share in his profit. If as a matter of fact a Government activity in a community does increase the value of property, then the Government—the rest of the people—ought to have the advantage of it, in the reduction of their guaranty, in the reduction of the probability or possibility that they will be left to hold the bag. The rest of the people who are putting up the guaranty ought to have the advantage resulting from their guarantee which makes the project possible. We know, as a matter of practical knowledge, that some, if not many of these projects, are so jockeyed that the Government puts up all of the money—guarantees it, which is the same thing in effect, insofar as Federal liability is concerned. I hope we adopt the Cochran amendment.

Mr. WILLIAMS of Missouri. Mr. Chairman, in accordance with what the distinguished chairman of our committee said, I can say this, that I, perhaps, come from the most rural district of any man in this entire Congress. There never will be a single individual in my district who will be able in any way to enjoy the benefits of these projects erected under section 207. There certainly has been more misunderstanding about this section and the projects erected under it than anything else that has been discussed here this afternoon. The F. H. A. has made a remarkable record with reference to the handling of these projects. So far there has not been one single cent of loss, and it must be remembered that these projects are being conducted under a limited dividend corporation, which prevents the loss of any money to the Government and prohibits the making of profits by the stockholders in the concern. Until all installment and interest payments are made, until all repairs are paid for, until the taxes are paid, and until the insurance is paid, until the operating expenses are paid, there is not a possibility, under the supervision of the Administrator and under the jurisdiction of a limited dividend corporation, for the so-called promoters to get one dollar out of it. Then why all this talk about somebody writing up the false value of the property? That is the fact. Under this law and under the provisions in it, everything must be taken care of before the stockholders can get anything.

What is the equity in one of these projects? The equity represents the difference between the appraised value fixed by the F. H. A. and the amount of the mortgage. That equity is made up of land values; it is made up of architect's and builder's fees; it is made up of cash advanced; it is made up of outside improvements such as streets, sidewalks, sewer and water connections; it is made up of all those things—highways that are built, schoolhouses that are constructed in the community, trading centers that are established, and all that. This amendment seeks to limit the value of that land to its original value before any improvements were made, notwithstanding the fact that everybody knows that every other landholder in that community will have his land increased perhaps 50 percent by reason of these improvements. They are going to deny the man who has the energy, the ability, and the foresight and courage to undertake the development of one of these projects any increased value in his land, by reason of his interest in it and his improvement of it, and at the same time every other one in that community whose land has been increased by reason of that improvement will reap the benefits of it. You have only to go across the river into Virginia to find that. Right over at Colonial Village that land was bought and valued at a very modest figure, but since the Garden Apartments were put up the surrounding land has increased 10 times in value. Those

people who own the adjoining land get the benefit of the improvement in increased value of their land, yet this amendment offered by the gentleman from Missouri [Mr. COCHRAN] would prohibit any increased value of the land owned by the sponsors of the project by reason of the improvements that have been put upon it by their enterprise and by the expenditure of their own money and at their risk to give employment to labor and furnish low-rent housing for those of modest income. It is unreasonable. It is unworkable. It will destroy the program. It will increase unemployment. It is unfair to those who want to engage in this enterprise. Not only that, it will absolutely and completely destroy the action of the F. H. A. under section 207. The adoption of this amendment will play into the hands of a few real-estate dealers who have old apartments to rent for which they charge unreasonable and exorbitant rent. As I say, as far as I am personally concerned and the people I represent, it will never make one cent of difference to me or them, but in the interest of this program, in the interest of fairness and justice to those who are undertaking this work and in the name of men who want work and who desire to live in modern quarters and enjoy some of the comforts and conveniences of life at a reasonable rent, do not kill this project by voting this amendment. [Applause.]

[Here the gavel fell.]

Mr. POAGE. Mr. Chairman, I rise in opposition to the amendment.

It just occurred to me that this amendment is striking at a situation very similar to that of a man who owns a stock of baled cotton, we will say, and he wants to borrow money on it with the idea that he will manufacture it into cloth and the cloth into shirts, and sell those at retail at about 100 times the price per pound of the raw cotton. Under the present regulations he could reasonably expect the Government or a very generous banker with his loans guaranteed by the Government to lend him money not on the value of his cotton, which is $8\frac{1}{2}$ cents a pound, but upon the value of the finished product, the increased value of the cotton, the increase which he proposes to make by reason of the loan which is advanced to him.

Now, if there ever was a banking institution that could exist and lend money on any such basis as that, it has escaped my observation, or else I would be borrowing from that institution and engaging in that kind of financing rather than serving in this body.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. PATMAN. Is it not more like desert land that is worth 25 cents an acre until a contract is made that provides water for that land, and then it is worth \$1,000 an acre?

Mr. POAGE. There is not any desert land in my viewpoint that would ever increase from 25 cents an acre to \$1,000 an acre by reason of any contract that was ever entered into. There is desert land that has been increased in value by reason of bringing water to it, and when the water was on it the land was worth more than it was before there was any water on it. After these houses are on this land, after these buildings are there, the land undoubtedly does increase in value, but the loan must be made, if we are to call it a loan and not a gift, on land values as they exist and not on values which someone hopes to create. The loan is being made upon the land, and if this Government is going to attempt to lend money to people with the idea of going out and creating value that is not there, lending on a speculative value, a purely fictitious value, a problematical value, I might say, a value that does not exist but which somebody simply hopes will exist at some future time; then we are headed to the proposition of buying up these projects rather than talking about making any kind of loans whatever.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman knows, however, in this instance that the money that improved the land inside the

property line did not come out of the 20 percent that the promoters will put up. It came out of the 80 percent that the promoters got through the F. H. A. That is what I am complaining about.

Mr. POAGE. Certainly, and it is exactly what I want to help you stop, because it never was sound banking to loan 100 cents on the dollar on any kind of development.

Eighty cents on the dollar is a good deal higher than any of our commercial organizations ever felt they could safely lend. There never was a private banking institution or lending institution that felt it could safely lend 80 cents on the dollar of actual existent value. The Government is being extremely generous. I am glad it is; I am glad to see it go to a reasonable extent; but we are extremely generous when we guarantee 80 percent of the money necessary to provide the construction. When, however, we open it up and say that we are going to let you put in not the value that is there but the value that you hope may be there at some time in the distant future, then we have gone far beyond the realm of reasonable banking and into the proposition of pure subsidy; but it is a subsidy not to home owners, not to the people we want to help, but to real-estate speculators, and I cannot think it is the policy of this Government to go into the business of subsidizing real-estate speculators.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. POAGE. I yield.

Mr. SUMNERS of Texas. As I understand it, the gentleman from Missouri, who just addressed the House, said that this project increased the price which the people who want to buy homes had to pay for land in the neighborhood of these projects.

Mr. POAGE. Of course it does; of course it increases the price to the people who want to buy; and usually the speculator who is borrowing the money will be the man who will own that vacant property. He is going to reap the reward of the increased price, not only on the adjoining property but also on the rental from the property built by a Government-guaranteed loan. It is true, as some of the gentlemen have said, there is a limit on the rate of return. But this very rate of return is calculated on the entire investment, including any water. If there is a real value of \$100,000 and a \$100,000 write-up; and the promoter is limited to a 6-percent return, his return will still be just twice as large and the cost to the tenants will still be just twice as great as if the promoter had been confined to actual value.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am glad to see this thing get a thorough airing. It was aired quite thoroughly in the committee, and in consequence those who contended that there was something bad about it later complimented the Administrator, believing, I assume, that it was as much the fault of the Congress as the Administrator.

I think we should appreciate what we would be doing if we adopt this amendment. We will confine the activity of the F. H. A. to the insurance of mortgages on single dwellings, or at least to dwellings to house not more than four families. If in anticipation of the construction of a \$5,000,000 project by an institution legally chartered by a sovereign State a municipality spends thousands of dollars in the construction of sewers, waterworks, roads, sidewalks, what is crooked, what is unfair about the Federal Government's insuring 80 percent of the value of that property? What is the difference between that property at that stage when this insurance applies and a home built on a lot to which there has already been built a sidewalk, a street, a sewer, and water mains?

Those gentlemen who would scuttle the F. H. A. should vote for this amendment. There is something ironical in the fact that I, a simple—perhaps a simple-minded—Republican representing a district largely rural without a section 207 project in my district, am standing here defending this bill because I think that it is perfectly safe and sound. How many of you Representatives on the Democratic side will

stand by your administration, will stand by your Administrator, will stand by the promises which have been made to the people of this Nation that they are going to have clean, sanitary homes in which to live, will stand by the workers in the building trades of this Nation to whom you said that you had set up F. H. A. to give them employment? Gentlemen, here is the test as to how sincere you were when you passed the United States Housing Authority Act, when you originally passed this act to give employment in the building trades. Gentlemen, if you vote for this amendment, you defeat the very purpose of the F. H. A. You will have not only your conscience to answer to but you will have to answer to the people who sent you here upon the promise that you would give them decent, safe housing and substantial employment.

Mr. Chairman, I do not feel too keenly about this; as a matter of fact, when the country can stand it—and I hope it will be within the next 2 years—I will vote to eliminate any such activity on the part of the Federal Government. But this is a condition we must face. Unless you want to demoralize the real-estate market, you have got to get out gradually; you cannot jump out. I hope that 2 years from now this administration will have eased out of all of these activities, because I do not want to disrupt the economy of this Nation.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SUMNERS of Texas. As I understand the amendment offered by the gentleman from Missouri, it provides that the value of the proposed improvement shall be included. I understood the gentleman to mention the cost of sewers, streets, and so forth.

Mr. WOLCOTT. Certainly; because when a mortgage is placed on property it is placed with relation to its entire value, the value of the land on which the house stands, not the value of the land before the house is built; the value of the property when it is improved. If the property is improved, the actual land value increases. What is crooked about taking into consideration consequential increases in value in determining the amount of the mortgage? I may have a field planted with corn or cotton, and it may be worth 50 cents an acre. Surely the Federal Housing Administration would not come along and insure a loan on that field for \$5,000,000; but if I put improvements on it making the land more valuable, they would insure the loan on the basis of the actual value after the improvements have been completed.

Mr. GIFFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this is a question of whether watered stock will turn quickly into wine. It is now pleaded that when a house is built on the land the water will turn at once into wine. Why not wait and increase the mortgage when the fact has been established?

May I say, in answer to the gentleman from Missouri [Mr. WILLIAMS], that, of course, the owners of the stock cannot make any money until the proposition makes money. The promoter makes his money on the mortgage he gets to construct the house, or he would not generally be interested. If you adopt the amendment offered by the gentleman from Missouri perhaps there will not be quite so many promoters.

The promoter may afterward become the manager. The common stock may be worth nothing except to control the management. I will try to relieve the discussion by asking, "What is a stockholder?" He buys a clay pipe and a 10-cent plug of tobacco. But the manager does the smoking. The stockholder says, "What can I do?" The manager says, "You can spit," and that is what the minority stockholder usually does when the manager is in control.

Now, there is a peculiar situation when this House will say that watered stock to this degree will be condoned. I do not say this business is crooked. You cannot blame a promoter too much. The law allows it if the F. H. A. will approve. The gentleman from Missouri says, "Let us base values on actualities and not on imagination." It is amazing that so many of the Committee members will try so hard to block this

amendment. They should not expect Members to subject themselves to such censure as would follow approval of a write-up of this sort.

Mr. COCHRAN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Missouri.

Mr. COCHRAN. The gentleman certainly will admit that the promoters are going to make a great deal of money when they construct the building out of the 80 percent that they receive through the guaranty of the F. H. A.

Mr. GIFFORD. Yes; and we may expect that they may not be interested after the construction, unless they are made managers and can milk it. I showed you yesterday how they could do that if they wanted to be dishonest. We should not need to comment further on that. I am sure the House now understands the purpose of the amendment.

[Here the gavel fell.]

Mr. THOMAS F. FORD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have just listened to the distinguished gentleman from Massachusetts tell us how this proposition could be milked. When he makes the statement that the proposition can be milked in the course of its being built up, he simply casts an aspersion on the entire F. H. A. organization. On the contrary, they check every piece of lumber and every bit of plumbing, every bit of brickwork and every bit of concrete that goes into the building before they pass on any of it. So, as far as the structure is concerned, you can depend on the fact that the F. H. A. inspection gives a first-class structure.

Let us analyze this situation about the lot. If the building were erected on a million-dollar lot and a million dollars worth of improvements put on it, it would still not produce any more than a similar building on a \$50,000 lot. The F. H. A. makes the loan; the insurance company puts its money in a proposition that will show, when completed, that it will pay interest, principal, or amortization, insurance, taxes, and, in addition, about \$50 per room to be set aside each year to take care of replacements and as a reserve. After all that is paid the man who owns an equity can get not to exceed 6 percent on that equity. If he gets over 6 percent, it goes toward amortizing the loan. They are always under the management, control, and direction of the F. H. A., and they cannot make a move without approval of the Administrator of the F. H. A.

Mr. SPENCE. Will the gentleman yield?

Mr. THOMAS F. FORD. I yield to the gentleman from Kentucky.

Mr. SPENCE. I want to read this amendment so that it may be properly considered. The amendment is as follows:

Sec. 10-A. Subsection (c) of section 207 is amended by adding at the end thereof the following proviso: "Provided, That in estimating the value of the property or project for the purpose of determining the amount of insurance eligible under this section, the Administrator shall determine the value of the property as of the date of the application for insurance, and in no case shall he estimate the value of the property or project for insurance under this section to be in excess of the value of the property at such time plus the value of the proposed improvements thereon."

Is it not a matter of fact that there is an increment in the value of the land by reason of the construction of improvements?

Mr. THOMAS F. FORD. That is true.

Mr. SPENCE. Not only the banks but every private developer of land understands that is the fact.

Mr. THOMAS F. FORD. Absolutely.

Mr. COCHRAN. Will the gentleman yield for a correction?

Mr. THOMAS F. FORD. No.

Mr. COCHRAN. The gentleman's statement is misleading.

Mr. THOMAS F. FORD. It is not misleading.

Mr. Chairman, I am informed that the major opposition to this particular project in St. Louis, which is the bone of contention, is made by a group of men who at the depth of the depression bought a lot of apartment houses in St. Louis for about 10 cents on the dollar. Now they are trying to collect rents based on 100 cents on the dollar and they

are opposed to this. They are doing everything in their power to discredit it because it will cut in on the profit they would make from the poor devil who built the places in the first place.

Mr. GORE. Will the gentleman yield?

Mr. THOMAS F. FORD. I yield to the gentleman from Tennessee.

Mr. GORE. May I read one statement out of the hearings, as follows:

It may be noted that an appraisal independently made by the New York Life Insurance Co. before making the loan compared within \$16,000 of this figure.

Mr. THOMAS F. FORD. Yes.

Mr. Chairman, under the law the F. H. A. made the loan because the law said that it should lend 80 percent of the completed income to produce the structure, and that is what they have done. If you agree to the amendment that is being proposed, you might as well throw that title completely out of the window because it will stop right there.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COCHRAN].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 100, noes 79.

Mr. STEAGALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. STEAGALL and Mr. COCHRAN.

The Committee again divided, and the tellers reported that there were—ayes 113, noes 78.

So the amendment was agreed to.

Mr. WOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOOD: Page 9, after line 11, insert the following:

"Sec. 11. Section 207 (b) (1) of the National Housing Act is amended by deleting the words 'Federal or State, instrumentalities, municipal corporate instrumentalities of one or more States, or.'"

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RANKIN, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill H. R. 5324, to amend the National Housing Act and for other purposes, had come to no resolution thereon.

AUXILIARY VESSELS FOR THE NAVY

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 135

Resolved, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 828, a bill to permit the President to acquire and convert, as well as to construct, certain auxiliary vessels for the Navy. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

ALTERATIONS AND REPAIRS TO CERTAIN NAVAL VESSELS

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 136

Resolved, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of S. 829, a bill to authorize alterations and repairs to certain naval vessels, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment,

the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

AUTHORIZING THE SECRETARY OF THE NAVY TO PROCEED WITH THE CONSTRUCTION OF CERTAIN PUBLIC WORKS

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution for printing in the RECORD:

House Resolution 137

Resolved, That immediately upon adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for consideration of H. R. 2878, a bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Naval Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. TREADWAY, Mr. RANKIN, and Mr. SPENCE asked and were given permission to revise and extend their own remarks in the RECORD.

Mr. KITCHENS and Mr. HARRINGTON asked and were given permission to extend their own remarks in the RECORD.

PERMISSION TO ADDRESS THE HOUSE

Mr. BOLLES. Mr. Speaker, I ask unanimous consent that the time I was granted to address the House this afternoon may be deferred until Thursday.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

CALENDAR WEDNESDAY

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday, tomorrow, may be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

MILITARY ESTABLISHMENT APPROPRIATION BILL, 1940

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4630) making appropriations for the Military Establishment for the fiscal year ending June 30, 1940, and for other purposes, with Senate amendments, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SNYDER, TERRY, STARNES of Alabama, COLLINS, KERR, POWERS, ENGEL, and BOLTON.

CIVILIAN CONSERVATION CORPS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, today is the sixth anniversary of the Civilian Conservation Corps, which I believe is one of the most meritorious agencies of this administration.

I ask unanimous consent, Mr. Speaker, to include as a part of my remarks at this point a letter I have addressed to the editor of Happy Days, the authorized weekly of the Civilian Conservation Corps, in which I tell of my high regard for the work being done by that agency.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, the letter to which I have referred is as follows:

MARCH 20, 1939.

Mr. RAY HOYT,

Editor, Happy Days,

Daily News Building, Washington, D. C.

MY DEAR HOYT: I want to take this opportunity to extend my sincere congratulations to the Civilian Conservation Corps upon the sixth anniversary of its inception.

I have visited many of the C. C. C. camps and always my admiration has been increased for the program which is so successfully being carried forward. This is the type of work which can effectively be carried on under Government guidance and control. The conservation program, from the material side, means that through Civilian Conservation Corps activities we are building a better land in this Nation. On the human side, the program has certainly gone far toward building better men.

I believe the investment made in the Civilian Conservation Corps has been a wise one. It is my considered opinion that it should be carried on. I shall cooperate enthusiastically in support of the permanent establishment of this worth-while agency.

With personal good wishes, I am

Very sincerely yours,

JENNINGS RANDOLPH.

FAVORITE SON VERSUS FAVORITE STATE

Mr. PATRICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD at this point.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. PATRICK. Mr. Speaker, it is fine to see so many Members together on the floor of the House this afternoon. Let us consider a practice that has grown up and now deprives the people of this country of much of the highest use, choice leadership, character, and brains; the practice indulged in by both our leading political parties of nominating the party standard bearer with an eye and ear to geographical position rather than personal qualifications.

It is a great and glorious thing to be made President of these United States. It is no mean thing, whether or not successful, to be nominated by a major political party for President or for Vice President. But with 130,000,000 people, with its 3,000,000 square miles of area, its near 2,000,000,000 acres of land, has not the day come to America when she can look simply to the man to be chosen and to the program his selection should indicate?

Every 4 years the officials and effective adherents of each of the leading parties hold a great convention. All eyes are turned to the city of meeting and all ears attuned to the loud voice of pronouncement and proclamation. A platform is presented to the people of the United States, and then comes the naming of party standard bearers, candidates for President and Vice President.

How is this done?

Election results for the past 4 to 8 years are carefully studied, and the more highly populated States, with patronizing consideration of central location, as well as political border-line history, are given the overwhelming odds. Far into the night are figures compiled, results noted, and trends followed. Experts—who never agree among themselves—are called together. They cast about as to what will be the vote-getting probability of nominating a man from this State or that State. This always highly speculative and hectic session results in a small handful of States coming out with the ball. Then comes the matter of choosing the most likely two sons—never yet have they turned to a daughter—from remote points among these States.

Now, we have 48 States in this country—48 of them. Each State gets 2 Senators and its quota of Congressmen. Each State may choose these from Democratic, Republican, other party, or nonpartisan; but, as to the average State, what chance has it at getting its representative in the White House? State X may have the best man in the party or in the political field, the man of the hour, a "natural," were it not for the fact that this man of the hour is not the man of the State.

Presidents and Vice Presidents have been elected under our party system for 150 years and in that time Presidents have been elected from only 14 States, 8 from Ohio. Thirty-two

different Presidents have been elected, not to mention second terms.

Mr. THOMAS of Texas. Will the gentleman from Alabama be kind enough to name the States from which these Presidents have come?

Mr. PATRICK. Yes; I think I can name them: Vermont, Virginia, Massachusetts, South Carolina, Tennessee, New York, North Carolina, Louisiana, New Hampshire, Pennsylvania, Kentucky, Ohio, New Jersey, and California.

Mr. SOUTH. Can you name the States of the Vice Presidents?

Mr. PATRICK. My answer is "No; not right offhand." You boys expect too much of a new Congressman.

Virginia, South Carolina, Tennessee, and Louisiana have enjoyed the distinction in the past, but are apparently out of the picture nowadays. Virginia, once called the Mother of Presidents, has, since she saw John Tyler elected in 1841, been forced to be satisfied with past history. Two of her bright sons did move into other States and later became Chief Executives—Zachary Taylor and Woodrow Wilson—it is true. The best she can now do is to land an occasional Cabinet member.

Somebody somewhere was able to sell the idea that if a man is nominated President from a State that State will vote with the party presenting such native son. If this is true, the pay-off is brief indeed. Every one of the eight men elected to the Presidency from Ohio were Republicans—Democrats have diligently nominated Ohioans but never elected one—yet the past two elections have seen Ohio go Democratic while Maine, which never enjoyed the honor, was one of the two Republican States to hold out faithful during the past two Democratic victories. Is it not, in this day of rapid transit and radio, conceivable that the people of the land will vote for the man who stands tall in camp and carries the true colors, and that they will do so without thought of what geographic subdivisions of the country claims him?

Of our 48 States, 34 have never presented to us a President. Would it not be more democratic were this practice abandoned? Would it not insure fairer leadership and better executive government?

The party first to abandon it will have a much stronger point of appeal to those 34 States, together with States who have in the past elected sons to the Presidency but who are now in the outer garden. Why this practice holds so strongly is a mystery. Perhaps the last question the average group found in any part of the United States discussing political activity will call up is any leader's State or nativity. It is nothing more than a case of oversalesmanship and gullibility but a case that took and has held.

It is our sincere hope that when delegates and left-outs among the 48 States next get together to choose the party representatives for the two chief offices of state they can remember that when they vote for a representative of the select group they are voting against their own interests, unless the representative is the best in point of individual merit and program. Of course, it would be equally foolish to refuse to support a strong, capable, and representative person coming from within this area, but there remains little reason why the preference should further be given.

It has a hollow tone when a likely name is mentioned and you hear this sort of remark, "Oh, he'd be the best man in the field if he were from Ohio, Indiana, or New York." What is the reaction of Arizona, Georgia, Oregon, North Dakota, Texas, to that sort of philosophy in a democracy?

It is a chance to get closer to all the people in the Nation, closer than we have ever been. Andrew Jackson found American politics in the parlors of the few and left it in the country grocery store and crossroads post office, where it belongs if we are truly to be a democracy. Every move toward the people is helpful. How many a boy has heard his teacher say, "You may some day be President," a thought that has inspired so many thousands of American boys? How many a boy failed to realize when the teacher made

this statement that the door of opportunity was forever shut to him unless he moved far away?

The Republicans had great trouble in proving Hoover had any, except the remotest country connection at all. They were able to deduct that he was born in Iowa and lived for awhile in California—well, California was an either-way State with a strong popular vote. Enough! Hoover was nominated and elected, but—and imagine it—California shot right back with a wide Democratic victory on the next deal and left her native son standing on the bleak Sierra Nevada mountainside. This should be a plain lesson. This should clearly prove our case, but from the talk we hear we fear they are still oversold on the old, old border-line State gag. The man to be nominated should be a man who can be heard because he has voice enough and can be seen because he stands tall enough. If he is the best man in the land, the whole people are entitled to get a chance to make him their President.

Our idea of popular sovereignty is that all the people—East, West, North, and South—shall have an equal voice in the National Government. Under this practice now prevailing our conventions—Democratic and Republican—this very idea is defeated. The proper thing to do in convention is this plain and simple thing: Bring forward the very best, and leave the geography to the children in school.

I thank you.

EXTENSION OF REMARKS

Mr. SMITH of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter I have received from the National Retail Lumber Dealers' Association.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a brief statement from the Colorado State Senate.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein some resolutions adopted by the National Rivers and Harbors Congress.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The SPEAKER. Under the previous order of the House, the gentleman from Pennsylvania [Mr. RICH] is entitled to recognition for 15 minutes.

Mr. RICH. Mr. Speaker, the Federal Government, through its various independent offices and agencies, now operates the world's greatest publicity and propaganda bureau.

The offices and agencies of the Government not only supply press and information service for the newspapers of the Nation but they also carry forward propaganda to sell the New Deal to the people.

The agencies supply not only the usual press releases and printed copies of various reports provided for by Congress but they in some instances go a step further and provide clip sheets and summaries of press information for private users. A typical clip sheet of this character is put out weekly by the Federal Housing Administration. Immediately above the notice, "Supplied without charge," is the following:

All information in this clip sheet is for immediate use in your real-estate section, business pages, home-building issues, or for any other related use. Mats of illustrations or actual photographs of homes are available without charge on written or wired request. Special articles on Federal Housing Administration operations will be prepared, also on request, without charge.

It was from this clip sheet of the Federal Housing Administration that notice was brought to the attention of the

Banking and Currency Committee of this House that the Administration was representing itself to the public as a permanent agency of the United States Government, when, in fact, it is only a temporary agency subject to continuation by legislative action by the Congress.

To operate this huge publicity and propaganda bureau, to furnish those interested with mats, photographs, and prepared articles, as well as other materials, requires the use of moneys which have been appropriated by Congress for other purposes.

In none of the appropriation acts before this Congress has there been a request for funds to furnish mats, photographs, or to prepare special articles for private parties who may be interested. There have been appropriations for printing and binding, in considerable amounts. The work is presumed to be a function of the Government Printing Office, but notwithstanding this fact several agencies have set up complete printing and publishing plants, out of appropriated funds to carry out the work of propaganda.

A specific instance where the authority to divert funds to such uses has been challenged may be found in the operations of the Tennessee Valley Authority's reproduction plant at Chattanooga, Tenn., which have been questioned by the General Accounting Office.

The sum involved amounted to about \$60,000 and later run up to \$80,000 a year, for paper and materials used in turning out and binding folders, speeches, pamphlets, circulars describing education, recreational, athletic, and social activities and other printed matters.

The General Accounting Office protested these expenditures as not authorized under the law. The matter is still unsettled. The money has been spent and is gone forever. The wisdom of continuing such activities remains in doubt.

Practically every department has its high-power publicity staff and an information section as well.

To check up on the workings of the publicity and to find out whether or not the propaganda is effective a great deal of time and money is being spent every year in operating clipping bureaus in the various agencies.

Magazines, newspapers, and all forms of printed literature are gathered, read, and clipped. The Works Progress Administration alone has a press-clipping bureau employing three or four men at an average annual salary of \$2,000 according to the recent statement of Colonel Harrington.

The Tennessee Valley Authority has been spending sums in excess of \$10,000 a year for subscriptions to newspapers and periodicals. This item was also challenged by the General Accounting Office. But the spending goes on.

Mr. Speaker, every day in the year hundreds of press releases and mimeographed copies of speeches about to be made by New Deal officials find their way into the hands of the press representatives and the publicity agencies. Copies are frequently sent to Members of Congress, but the record is strangely missing as to what all these activities are costing the taxpayers of the United States.

In operating these propaganda bureaus there is a great danger to our democratic ideals and fundamental principles. Without this Government participation, hundreds of capable newspaper men forced to subsist through the medium of such subterfuges as the Federal Writers' Project would probably find employment with private news-gathering agencies.

Without these propaganda bureaus the public would get a fair, unbiased picture of Federal activities on all fronts. There can be no bureaucracy more dangerous to the American way of doing things, than these Federal propaganda bureaus, operated under the guise of information sections, which operate only to put out information favorable to the continuation of the greatest spending spree in the history of the world.

Let us put an end to propaganda, let us put an end to these clipping bureaus in the Federal Government agencies. Let us turn over to the gentlemen of the press the function

of informing the American people on the operations and the expenditures of their Government.

Mr. Speaker, the materials I have assembled here are part of the bulletins prepared by the Division of Press Intelligence, an activity of the National Emergency Council during the past year.

The National Emergency Council was created by Executive Order No. 6433 A, dated November 17, 1933.

The Council maintains headquarters in the Commercial Building at Fourteenth and G Streets NW., in the city of Washington. Their rentals for office space last year amounted to \$46,754. This year they are asking for \$50,260. Now, part of this office space is rented to house this Press Intelligence Division, which is nothing more nor less than a huge clipping bureau, ostensibly operated for the United States Government.

The funds by which the National Emergency Council operates were appropriated by Congress. Previously they were set aside from emergency appropriation acts by Executive order.

Title 5, section 54, United States Code, provides:

No money appropriated by any act shall be used for the compensation of any publicity expert unless specifically appropriated for that purpose.

While the Press Intelligence Division is not mentioned in the United States Government Manual under the heading of "Activities," a two-line notice describing the organization of the National Emergency Council furnishes the information, "The Press Intelligence Division maintains a daily file of press material for the use of all Federal Government agencies." Nowhere in the United States Government Manual is the fact made known that the Press Intelligence Division issues a daily bulletin. They simply say they maintain a file. Now, maintaining a file and issuing a daily bulletin, costing the taxpayers of the United States thousands upon thousands of dollars, are horses of different colors. Furthermore, there is nothing on this Press Intelligence bulletin to identify it as coming from or through the National Emergency Council, much less to show that it was prepared by their authority.

Last year the National Emergency Council spent \$28,480 for supplies and materials, according to the Budget. A lot of this money I believe was used to purchase mimeograph stencils, mimeograph paper, and ink, used in the preparation and issuance of this Press Intelligence bulletin. Yesterday I requested a bid on what the cost of cutting the stencils, mimeographing, and gathering and assembling 500 copies of this Press Intelligence bulletin as now being regularly issued would be.

An expert stenographer who does this kind of work regularly submitted a price of \$333 per day. On the basis of this estimate, the bare mechanical cost of producing this daily bulletin for only 303 days out of a year would amount to exactly \$100,000. I recently received a letter from the head of the press-intelligence section informing me that the section employed 64 persons at total annual salaries of \$101,520. If we add to the salaries just one-half the estimated cost of producing this daily bulletin by a private individual, we find the total probable cost for this year will amount to \$152,121. Now, this is the story of only one division of Uncle Sam's scissors brigade. They have other units in practically every department and agency of the Government. I wonder just how many Members of Congress find use for this kind of service. I wonder just how many Members of Congress know that all this money is being spent to check up on how the New Deal propaganda is taking with the press and the people. I wonder just how long we are going to continue appropriating money without knowing how and where and why it is being spent.

Mr. Speaker and Members of the House, this truckload of mimeographed indexes, about 100 pages each day at a cost of over \$150,000 a year, and I dare say that not 1 Member

in 20 knows what it is all about, not 1 in 20 knew that such an agency has been created by Executive order. A waste of the taxpayers' money. A political organ used by the New Deal. A disgrace to our form of government; a folly of the New Deal. Why not stop the waste? Why not get some sense and revamp this Government?

Mr. Roosevelt and the Democratic Party had this statement in their platform of 1932:

The Democratic Party solemnly promises by appropriate action to put into effect the principles, policies, and reforms herein advocated, and to eradicate the policies, methods, and practices herein condemned. We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportionate result.

We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate Executive estimates within revenues raised by a system of taxation levied on the principle of ability to pay.

We condemn the improper and excessive use of money in political activities.

We condemn paid lobbies of special interests to influence Members of Congress and other public servants by personal contact.

Why does the party not carry out its promise made in good faith to the American people? It was a sensible statement; it would be honorable to carry out the promise to our people.

Mr. Roosevelt also made the following promises to our people, and he has repudiated them:

For 3 long years I have been going up and down this country preaching that Government . . . costs too much. I shall not stop the preaching. (Franklin D. Roosevelt, acceptance speech, July 2, 1932.)

I propose to you, my friends, that Government . . . be made solvent and that the example be set by the President of the United States. (Franklin D. Roosevelt, acceptance speech, July 2, 1932.)

Mr. Roosevelt made some noble promises to the American people before he was elected. He has repudiated them. Oh, what a pity he did not do as he said he would do. He has with the rubber-stamp Congress that he dominated, increased our national debt in a period of a little over 6 years and 1 month over \$20,000,000,000 until our national debt on April 7 amounted to over \$40,066,000,000. Since July 1 of last year we have gone in the red \$2,547,351,685.37. That means over \$9,000,000 a day. That means over \$379,000 an hour. That means over \$6,400 a minute. A horrible situation for future generations to face—children yet unborn—they will be burdened by the debt of this New Deal administration all their lives. It shows the fallacy of the New Deal laws, the New Deal propaganda. Let Mr. Roosevelt put this promise of his made in 1932 into effect. He has the power. Why does he not do it?

The people of America demand a reduction of Federal expenditure. It can be accomplished not only by reducing the expenditures of existing departments but it can be done by abolishing many useless commissions, bureaus, and functions; and it can be done by consolidating many activities of the Government. (Franklin D. Roosevelt, Brooklyn, November 4, 1932.)

Oh, Mr. President, you promised America security. You are breaking the backs of those who worked and want to work, and making a haven for loafers and spineless people. Real Americans want jobs to earn a livelihood, not a dole. You have 12,000,000 unemployed and if you do not get new and sensible advisers and follow the principle of Thomas Jefferson you will wreck this Nation. Will you do it, Mr. President? We want it so bad; we need it.

Now to the Congress. Men, use your heads; change some of the laws you have enacted; stop the Government from trying to do everything; get the Government out of business; give the American people a chance before it is too late. We need opportunity, we need more freedom, we need less Government regulation. Give the people a chance and they

will create jobs and the mills will give people employment; the farmers will plant more, creating jobs; the worker will have a job, a happy home; the full dinner pail will again be the password.

America will not be at war when the President takes his next fishing vacation and all will be happy.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CELLER, indefinitely, on account of illness.

To Mr. EVANS (at the request of Mr. HART), for 1 week, on account of illness.

To Mr. HEALEY, indefinitely, on account of illness in his family.

HOOR OF MEETING TOMORROW

Mr. RAYBURN. Mr. Speaker, after consultation with the minority and majority members of the Committee on Banking and Currency, and also the gentleman from Massachusetts [Mr. MARTIN], I ask unanimous consent that when the House adjourn today it adjourn to meet at 11 o'clock a. m. tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

ENROLLED BILL SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H. R. 3790. An act relating to the taxation of the compensation of public officers and employees.

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 754. An act for the relief J. G. Mayfield;

S. 1253. An act for the relief of John B. Dow; and

S. 2021. An act to authorize the Department of Labor to continue to make special statistical studies upon payment of the cost thereof, and for other purposes.

JOINT RESOLUTION AND BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a joint resolution and a bill of the House of the following titles:

H. J. Res. 225. Joint resolution amending the joint resolution entitled "Joint resolution providing for the construction and maintenance of a National Gallery of Art," approved March 24, 1937; and

H. R. 3790. An act relating to the taxation of the compensation of public officers and employees.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 5 o'clock and 55 minutes p. m.) the House adjourned to meet tomorrow, Wednesday, April 12, 1939, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON THE JUDICIARY

There will be a public hearing before Subcommittee No. 3 of the Committee on the Judiciary at 10 a. m., Wednesday, April 12, 1939, on the bill (H. R. 5138) to make unlawful attempts to overthrow the Government of the United States, to require licensing of civilian military organizations, to make unlawful attempts to interfere with the discipline of the Army and Navy, to require registration and fingerprinting of aliens, to enlarge the jurisdiction of the United States Circuit Court of Appeals in certain cases, and for other purposes. The hearing will be held in the Judiciary Committee room, 346 House Office Building.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

There will be a meeting of the Committee on Public Buildings and Grounds at 10:30 a. m. on Thursday, April 13, 1939, for the consideration of House Joint Resolution 171.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

The Committee on Merchant Marine and Fisheries will hold public hearings in room 219, House Office Building, at 10 a. m., on the bills and dates listed below:

Thursday, April 13, 1939:

H. R. 4220, load-line bill for seagoing vessels (BLAND).

On Wednesday, April 19, 1939, at 10 a. m., the Committee on Merchant Marine and Fisheries will resume hearings on the bill (H. R. 5130) to amend certain provisions of the Merchant Marine and Shipping Acts, to further the development of the American merchant marine, and for other purposes.

On Tuesday, April 25, 1939, at 10 a. m., the committee will hold public hearings on the following bills: H. R. 2383, H. R. 2543, H. R. 2558, to increase further the efficiency of the Coast Guard by authorizing the retirement, under certain conditions, of enlisted personnel thereof with 20 or more years of service.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Through Routes Subcommittee of the Committee on Interstate and Foreign Commerce at 10 a. m. Tuesday, April 18, 1939. Business to be considered: Hearing on H. R. 3400, through-routes bill.

COMMITTEE ON FOREIGN AFFAIRS

There will be a meeting of the Committee on Foreign Affairs, Wednesday, April 12, 1939, at 10 a. m., in the committee rooms, Capitol, to begin hearings on the following bills and resolutions pertaining to neutrality: House Resolution 100, to prohibit the transfer, loan, or sale of arms or munitions (by Mrs. ROGERS of Massachusetts); House Joint Resolution 3, to prohibit the shipment of arms, ammunition, and implements of war from any place in the United States (by Mr. LUDLOW); House Joint Resolution 7, to implement the Kellogg-Briand Pact for World Peace (by Mr. GUYER of Kansas); House Joint Resolution 16, to prohibit the exportation of arms, ammunition, or implements or materials of war to any foreign country when the President finds a state of war to exist between or among two or more foreign states or between or among two or more opposing forces in the same foreign state (by Mr. KNUTSON); House Joint Resolution 42, providing for an embargo on scrap iron and pig iron under Public Resolution No. 27 of the Seventy-fifth Congress (by Mr. CRAWFORD); House Joint Resolution 44, to repeal the Neutrality Act (by Mr. FADDIS); House Joint Resolution 113, to prohibit the shipment of arms, ammunition, and implements of war from any place in the United States (by Mr. FISH); House Joint Resolution 226, to amend the Neutrality Act (by Mr. GEYER of California); House Joint Resolution 254, to keep the United States out of foreign wars, and to provide for the neutrality of the United States in the event of foreign wars (by Mr. FISH); House bill 79, to keep America out of war by repealing the so-called Neutrality Act of 1937 and by establishing and enforcing a policy of actual neutrality (by Mr. MAAS); House bill 163, to establish the neutrality of the United States (by Mr. LUDLOW); House bill 4232, to limit the traffic in war munitions to promote peace, and for other purposes (by Mr. VOORHIS of California); House bill 5223, Peace Act of 1939 (by Mr. HENNINGS); House bill 5432, to prohibit the export of arms, ammunition, and implements and materials of war to Japan, to prohibit the transportation of arms, ammunition, implements, and materials of war by vessels of the United States for the use of Japan, to restrict travel by American citizens on Japanese ships, and otherwise to prevent private persons and corporations subject to the jurisdiction of the United States from rendering aid or support to the Japanese invasion of China (by Mr. COFFEE of Washington); House bill 5575, Peace Act of 1939 (by Mr. HENNINGS).

Hearings will continue from Wednesday, April 12 to April 26, beginning at 10 a. m. each day with the exception of Saturdays and Sundays.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

613. A communication from the President of the United States, transmitting a supplemental estimate of appropriation in the amount of \$32,500,000, for the War Department, for educational orders, production of munitions (H. Doc. No. 249); to the Committee on Appropriations and ordered to be printed.

614. A letter from the Acting Secretary of the Interior, transmitting a draft of proposed legislation to modify sections 68 and 87, title 25, United States Code, so as to permit employees of the Government to purchase arts, crafts, and other products controlled by Indians; to the Committee on Indian Affairs.

615. A letter from the Secretary of the Interior, transmitting the draft of a proposed bill for the relief of Guy F. Allen; to the Committee on Claims.

616. A letter from the Acting Secretary of War, transmitting the draft of a proposed bill to authorize an appropriation to meet such expenses as the President may deem necessary to enable the United States to cooperate with the Republic of Panama in completing a highway; to the Committee on Military Affairs.

617. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to correct the list of approved Pine Ridge allotment claims; to the Committee on Indian Affairs.

618. A letter from the Acting Secretary of the Interior, transmitting the draft of a proposed bill to reserve certain public-domain lands in California and Nevada for the use and benefit of the Indians of the Fort Mojave Reservation; to the Committee on Indian Affairs.

619. A letter from the Acting Secretary of the Treasury, transmitting the draft of a proposed bill to increase further the efficiency of the Coast Guard, etc.; to the Committee on Merchant Marine and Fisheries.

620. A letter from the Secretary of the Interior, transmitting the draft of proposed legislation to approve the action of the Secretary of the Interior deferring the collection of certain irrigation construction charges against lands under the San Carlos and Flathead Indian irrigation projects; to the Committee on Indian Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SABATH: Committee on Rules. House Resolution 159. Resolution providing for the consideration of Senate Joint Resolution 90. Joint resolution to amend the joint resolution approved June 16, 1938, entitled "Joint resolution to create a Temporary National Economic Committee"; without amendment (Rept. No. 396). Referred to the House Calendar.

Mr. HOBBS: Committee on the Judiciary. H. R. 5643. A bill to invest the circuit courts of appeals of the United States with original and exclusive jurisdiction to review the order of detention of any alien ordered deported from the United States whose deportation or departure from the United States otherwise is not effectuated within 90 days after the date the warrant of deportation shall have become final; to authorize such detention orders in certain cases; to provide places for such detention; and for other purposes; without amendment (Rept. No. 397). Referred to the Committee of the Whole House on the state of the Union.

Mr. DELANEY: Committee on Rules. House Resolution 135. Resolution providing for the consideration of S. 828; without amendment (Rept. No. 399). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 136. Resolution providing for the consideration of S. 829; without amendment (Rept. No. 400). Referred to the House Calendar.

Mr. DELANEY: Committee on Rules. House Resolution 137. Resolution providing for the consideration of H. R.

2878; without amendment (Rept. No. 401). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. POAGE: Committee on War Claims. H. R. 1881. A bill for the relief of Anne Boice; without amendment (Rept. No. 398). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 2117) granting a pension to Martha Pace; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 2485) granting a pension to Arminta B. Chestnut; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FLANNAGAN:

H. R. 5671. A bill to provide for the punishment of persons transporting stolen animals in interstate commerce, and for other purposes; to the Committee on the Judiciary.

By Mr. MAY:

H. R. 5672 (by request). A bill to amend section 4a of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, as amended; to the Committee on Military Affairs.

By Mr. BATES of Kentucky:

H. R. 5673. A bill to clarify title of resident physicians at Gallinger Municipal Hospital; to the Committee on the District of Columbia.

By Mr. ENGLEBRIGHT:

H. R. 5674. A bill to authorize the rehabilitation of the Indians of the Auburn Rancheria, and affiliated Indians, California; to the Committee on Indian Affairs.

By Mr. GREEN:

H. R. 5675. A bill to amend the World War Veterans' Act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War; to the Committee on World War Veterans' Legislation.

H. R. 5676. A bill to make temporary disability ratings of World War veterans permanent after 1 year; to the Committee on World War Veterans' Legislation.

By Mr. MALONEY:

H. R. 5677. A bill to provide a right-of-way; to the Committee on Military Affairs.

H. R. 5678. A bill to provide a right-of-way; to the Committee on Military Affairs.

By Mr. RANDOLPH:

H. R. 5679. A bill to amend the Code of Law of the District of Columbia in respect to fees of the United States marshal; to the Committee on the District of Columbia.

H. R. 5680. A bill to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States Navy Yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public, No. 187, 72d Cong.); to the Committee on the District of Columbia.

By Mr. CALDWELL:

H. R. 5681. A bill to authorize the Federal Surplus Commodities Corporation to purchase and distribute surplus products of the fishing industry; to the Committee on Merchant Marine and Fisheries.

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By Mr. GREEN:

H. R. 5682. A bill to further limit the application of certain health inspection requirements of section 2 of the act of February 15, 1893, as amended; to the Committee on Interstate and Foreign Commerce.

By Mr. GWYNNE:

H. R. 5683. A bill to authorize the establishment of certain bank offices in communities which have no banking facilities; to the Committee on Banking and Currency.

By Mr. PIERCE of Oregon:

H. R. 5684. A bill amending the act of Congress of June 25, 1938 (C. 710, 52 Stat. 1207), authorizing the Secretary of the Interior to pay salaries and expenses of the chairman, secretary, and interpreter of the Klamath General Council, members of the Klamath business committee and other committees appointed by said Klamath General Council, and official delegates of the Klamath Tribe; to the Committee on Indian Affairs.

By Mr. RANDOLPH:

H. R. 5685. A bill to amend the act of Congress entitled "An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a real-estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes," approved August 25, 1937; to the Committee on the District of Columbia.

H. R. 5686. A bill to promote the general welfare through the appropriation of funds to assist the States and Territories in establishing and developing programs in adult civic education providing for (a) removal of illiteracy, (b) naturalization education, and (c) public affairs forums, during a 3-year period; to the Committee on Education.

By Mr. JOHNSON of Oklahoma:

H. R. 5687. A bill to provide funds for cooperating with the school board of district No. 102, Blaine County, Okla., in the construction of a public-school building to be available to Indian children; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia:

H. R. 5688. A bill to provide for the operation of the recreational facilities within the Chopawamsic recreational demonstration project, near Dumfries, Va., by the Secretary of the Interior through the National Park Service, and for other purposes; to the Committee on the Public Lands.

By Mr. WELCH:

H. R. 5689. A bill to provide for the registry of pursers and surgeons as staff officers on vessels of the United States, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. DEMPSEY:

H. R. 5690. A bill authorizing Federal participation in the commemoration and observance of the four hundredth anniversary of the explorations of Francisco Vasquez De Coronado; establishing a commission for that purpose; and authorizing an appropriation therefor; to the Committee on Foreign Affairs.

By Mr. SUTPHIN:

H. R. 5691. A bill to designate injuries and diseases compensable by the United States Employees' Compensation Commission, by amendment of the Federal Emergency Relief Act of 1933; to the Committee on the Judiciary.

By Mr. WOODRUFF of Michigan:

H. R. 5692. A bill for the relief of the State of Michigan; to the Committee on the Judiciary.

By Mr. WOOD:

H. J. Res. 263. Joint resolution authorizing the Bureau of Labor Statistics to make studies of productivity and labor costs in industry; to the Committee on Labor.

By Mr. BULWINKLE:

H. Res. 160. Resolution relating to the holding of memorial services; to the Committee on Memorials.

By Mr. DEMPSEY:

H. Res. 161. Resolution amending rule XXXV of the Rules of the House of Representatives relating to the press gallery; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Nevada, memorializing the President and the Congress of the United States to consider their Senate Joint Resolution No. 13, with reference to an international conference to avert wars; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BARNES:

H. R. 5693. A bill granting an increase of pension to Louisa Bowman; to the Committee on Invalid Pensions.

H. R. 5694. A bill granting a pension to Clemence H. Wallkoff; to the Committee on Invalid Pensions.

H. R. 5695. A bill granting an increase of pension to Ada A. Peak; to the Committee on Pensions.

By Mr. BREWSTER:

H. R. 5696. A bill granting a pension to Geneva P. Lindsey; to the Committee on Invalid Pensions.

By Mr. BRYSON:

H. R. 5697. A bill for the relief of Charlie Cheek; to the Committee on Claims.

By Mr. BULWINKLE:

H. R. 5698. A bill for the relief of H. H. Rhyne, Jr.; to the Committee on Claims.

H. R. 5699. A bill granting an increase of pension to Henry G. Jones; to the Committee on Pensions.

By Mr. CHAPMAN:

H. R. 5700. A bill for the relief of Jesse Lee Griggs; to the Committee on Naval Affairs.

By Mr. CLUETT:

H. R. 5701. A bill granting a pension to Ella B. Atwater; to the Committee on Invalid Pensions.

By Mr. CROWE:

H. R. 5702. A bill granting a pension to Isaac A. Chandler; to the Committee on Pensions.

By Mr. DARDEN:

H. R. 5703. A bill for the relief of Joseph Marshall Harrell; to the Committee on Military Affairs.

By Mr. DEMPSEY:

H. R. 5704. A bill to amend Private Law No. 310, Seventy-fifth Congress, first session, an act for the relief of D. E. Sweinhart; to the Committee on Claims.

By Mr. EATON of California:

H. R. 5705. A bill granting a pension to Margaret Teed; to the Committee on Invalid Pensions.

By Mr. FLANNAGAN:

H. R. 5706. A bill conferring jurisdiction upon the Court of Claims or any district court of the United States to hear, examine, adjudicate, and render judgment on the claim of the legal representative of the estate of Robert Lee Wright; to the Committee on Claims.

By Mr. HARE:

H. R. 5707. A bill granting an increase of pension to John W. Hudson; to the Committee on Pensions.

H. R. 5708. A bill for the relief of J. C. Cleveland; to the Committee on Military Affairs.

By Mr. JOHNSON of Indiana:

H. R. 5709. A bill granting an increase of pension to Mary St. Clair; to the Committee on Invalid Pensions.

H. R. 5710. A bill granting an increase of pension to Elizabeth A. Jordan; to the Committee on Invalid Pensions.

H. R. 5711. A bill to carry out the findings of the Court of Claims in the case of Frank T. Foster; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma:

H. R. 5712. A bill granting a pension to Arellie E. Ferguson; to the Committee on Invalid Pensions.

H. R. 5713. A bill for the relief of Charles Shull; to the Committee on Claims.

By Mr. LECOMPTE:

H. R. 5714. A bill granting an increase of pension to Harriet Reynolds; to the Committee on Invalid Pensions.

H. R. 5715. A bill granting an increase of pension to Mariam Story; to the Committee on Invalid Pensions.

By Mr. O'BRIEN:

H. R. 5716. A bill to authorize the cancelation of deportation proceedings in the case of Antonios Apostolis Malles; to the Committee on Immigration and Naturalization.

By Mr. RANDOLPH:

H. R. 5717. A bill for the relief of the Preston County Hunting Club; to the Committee on Claims.

H. R. 5718. A bill for the relief of the Philippi Improvement Co.; to the Committee on Claims.

By Mr. REED of Illinois:

H. R. 5719. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Joliet National Bank, of Joliet, Ill., and Commercial Trust & Saving Bank of Joliet, Ill., arising out of loans to the Joliet Forge Co., of Joliet, Ill., for the providing of additional plant facilities and material for the construction of steel forgings during the World War; to the Committee on War Claims.

H. R. 5720. A bill for the relief of Capt. Roger H. Young; to the Committee on War Claims.

By Mrs. ROGERS of Massachusetts:

H. R. 5721. A bill for the relief of Leo Joseph Berry; to the Committee on World War Veterans' Legislation.

By Mr. ROMJUE:

H. R. 5722. A bill for the relief of Evelyn Gurley-Kane; to the Committee on War Claims.

By Mr. SUTPHIN:

H. R. 5723. A bill for the relief of Isadore J. Friedman; to the Committee on Claims.

By Mr. THOMAS of New Jersey:

H. R. 5724. A bill granting a pension to Mary Thompson; to the Committee on Invalid Pensions.

By Mr. WINTER:

H. R. 5725. A bill granting an increase of pension to Rosa B. Sutherlin; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2420. By Mr. ALEXANDER: Petition of the State Legislature of the State of Minnesota, proposing a revision of the Social Security Act; to the Committee on Ways and Means.

2421. By Mr. ANDERSON of California: Resolution opposing building construction under the Works Progress Administration program, adopted by Painters Local Union No. 1146, of Redwood City, Calif., signed by Frank M. Shearer, president, and W. B. McFarland, secretary; to the Committee on Appropriations.

2422. Also, resolution of the San Mateo Painters Local Union 913, signed by Frank A. Fay, secretary, San Mateo Painters Local Union 913, and F. S. Pease, president, protesting against the encroachment of the Works Progress Administration upon the building and construction trades industry; also urging support of House bill 4576, introduced by Congressman STARNES of Alabama, and Senate bill 591, introduced by Senator WAGNER, of New York; to the Committee on Labor.

2423. Also, resolution, signed by E. H. Henderson, president, and Frank A. Fay, secretary, Building and Construction Trades Council of San Mateo County, Calif., protesting against the encroachment of the Works Progress Administration upon the building and construction trades industry, and urging support of House bill 4576, by Congressman STARNES of Alabama, and Senate bill 591, by Senator WAGNER, of New York; to the Committee on Appropriations.

2424. Also, Assembly Joint Resolution No. 2, signed by J. C. Greenburg, clerk of the assembly, and J. A. Beek, secretary of the senate, relative to defense of the California coast; to the Committee on Appropriations.

2425. Also, Assembly Joint Resolution No. 4, signed by Jack Carl Greenburg, chief clerk of the assembly, and J. A. Beek, secretary of the senate, relative to Pacific coast shipyards; to the Committee on Appropriations.

2426. Also, Assembly Joint Resolution No. 30, signed by J. C. Greenburg, clerk of the assembly, and J. A. Beek, secretary of the senate, relative to memorializing the President and Congress to take favorable action on House bill 4102, introduced at the Seventy-sixth Congress, first session, to provide for the coinage of fractional minor coins; to the Committee on Coinage, Weights, and Measures.

2427. By Mr. ANDREWS: Resolution adopted by Buffalo Typographical Union, No. 9, protesting against amendment of the Wagner Labor Act; to the Committee on Labor.

2428. Also, communication received from B'nai B'rith Lodge, of Niagara Falls, N. Y., urging passage of legislation permitting admission of refugee children from Germany; to the Committee on Immigration and Naturalization.

2429. By Mr. ASHBROOK: Petition of Mrs. James E. Atha and 75 others, of Newark, Ohio, urging favorable consideration of House bill 11; to the Committee on Ways and Means.

2430. By Mr. CONNERY: Petition of the City Council of Revere, Mass., opposing the Federal tax on municipal bonds; to the Committee on Ways and Means.

2431. Also, petition of the General Court of Massachusetts, urging Congress to consider and discuss the provisions of the Townsend national recovery plan, so-called, and the provisions of bills of similar import; to the Committee on Ways and Means.

2432. By Mr. CORBETT: Petition of Joseph P. Plascjak and 446 members of Chartiers Lodge, No. 12, American Federation of Railroad Workers, protesting against the proposed Ohio River to Lake Erie Canal; to the Committee on Rivers and Harbors.

2433. By Mr. CURLEY: Letter of Local Union 366, United Brotherhood of Carpenters and Joiners of America, Bronx, New York City, endorsing House bill 4576 and Senate bill 591; to the Committee on Appropriations.

2434. By Mr. EATON of California: Petition of the Rotary Club of Long Beach, Calif., signed by 90 members, opposing the adoption by the United States Congress of Senate Joint Resolution 24; to the Committee on the Judiciary.

2435. Also, resolution adopted by the American Association of Engineers, Long Beach Chapter, of Long Beach, Calif., and signed by James R. Bole as president and J. E. Solem as secretary, urging that all possible means be taken to defeat the Nye resolution and the Hobbs bill; to the Committee on the Judiciary.

2436. Also, resolution adopted by the Taxpayers Council, of Long Beach, Calif., and signed by E. Curtis Clark, as president, and T. M. Brown, as secretary, urging the defeat of the Nye and Hobbs resolutions or any other similar bills that may be submitted to Congress; to the Committee on the Judiciary.

2437. Also, communication addressed to the city of Long Beach's official committee to defeat the Nye resolution and Hobbs bill, by the East Long Beach Cirgonian Club, signed by Val R. Moore, secretary, advising that the said club had adopted a resolution opposing the Nye resolution; to the Committee on the Judiciary.

2438. Also, resolution adopted by board of directors of Associated Property Owners of Long Beach, Long Beach, Calif., protesting against the passage of the Nye resolution or any similar measures concerning submerged lands; to the Committee on the Judiciary.

2439. By Mr. ENGLEBRIGHT: Joint Resolutions Nos. 2, 4, and 30, of the California State Assembly; to the Committee on Ways and Means.

2440. By Mr. MARTIN J. KENNEDY: Petition of the Schwab Bros. Corporation, New York City, urging support of the amendment to House bill 3951; to the Committee on Interstate and Foreign Commerce.

2441. Also, petition of Harmon Lodge, No. 753, International Association of Machinists, Ossining, N. Y., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2442. Also, petition of Knapp Engraving Co., Inc., New York City, concerning the Social Security Act; to the Committee on Ways and Means.

2443. Also, petition of the American Train Dispatchers Association, St. Albans, Vt., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2444. Also, petition of the New Deal Lodge, No. 380, Brotherhood Railway Carmen of America, Buffalo, N. Y., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2445. Also, petition of Carquinez Lodge, No. 1492, International Association of Machinists, Vallejo, Calif., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2446. Also, petition of Local Unions Nos. 604-678, Clarks Summit, Pa., International Brotherhood of Electrical Workers, urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2447. Also, petition of Denver Lodge, No. 47, International Association of Machinists, Denver, Colo., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2448. Also, petition of Arsenal Lodge, No. 81, International Association of Machinists, Rock Island, Ill., urging support of House bill 4862; to the Committee on Interstate and Foreign Commerce.

2449. By Mr. KEOGH: Petition of the Chamber of Commerce of the State of New York, concerning Senate bill 1526; to the Committee on Interstate and Foreign Commerce.

2450. Also, petition of the Central Civic Association of Hollis, Inc., Hollis, N. Y., favoring certain amendments to the Home Owners' Loan Corporation Act; to the Committee on Banking and Currency.

2451. Also, petition of Fred H. Sexauer, president, Dairymen's League Cooperative Association, Inc., New York City, concerning House bill 2179; to the Committee on Agriculture.

2452. Also, petition of Stulman Box & Lumber Co., Inc., Brooklyn, N. Y., concerning House bill 4036 and Senate bill 1364; to the Committee on Agriculture.

2453. By Mr. PFEIFER: Telegram from Fred H. Sexauer, president, Dairymen's League Cooperative Association, Inc., New York City, urging support of House bill 2179; to the Committee on Agriculture.

2454. By Mr. KEOGH: Petition of Lillian M. Henkel, secretary, Central Civic Association of Hollis, Inc., Hollis, N. Y., favoring House bill 5136 with an amendment; to the Committee on the Library.

2455. By Mrs. NORTON: Petition of Frank Hoffman, secretary of the Maritime Council of Puerto Rico, urging the extension of the Social Security Act to Puerto Rico; to the Committee on Ways and Means.

2456. By Mr. PFEIFER: Petition of the Chamber of Commerce of the State of New York, New York City, urging favorable consideration of the Barbour bill (S. 1626); to the Committee on Interstate and Foreign Commerce.

2457. Also, petition of the Stulman Box & Lumber Co., Inc., Brooklyn, N. Y., opposing the passage of House bill 4036 and Senate bill 1364; to the Committee on Agriculture.

2458. Also, petition of the National Retail Lumber Dealers Association, Washington, D. C., urging support of the Banking and Currency Committee's recommendations to amend the National Housing Act (H. R. 5324); to the Committee on Banking and Currency.

2459. By Mr. SHAFER of Michigan: Resolution of the Detroit Federation of Post Office Clerks, favoring enactment of Wagner-Gavagan-Van Nuys antilynching bill; to the Committee on the Judiciary.

2460. Also, resolution of United Federal Workers of America, Local No. 88, Veterans' Hospital, Wood, Wis., asking correction of unsatisfactory working conditions at said facility; to the Committee on World War Veterans' Legislation.

2461. By Mr. SCHIFFLER: Petition of Hon. Robert L. Bruce, mayor, city of New Martinsville, W. Va., opposing the construction of Lake Erie to Ohio River Canal; to the Committee on Appropriations.

2462. By Mr. THOMAS of New Jersey: Joint resolution of the New Jersey State Legislature, approved March 28, 1939, memorializing the Congress of the United States to refuse enactment of legislation which would becloud the sovereign rights of the State of New Jersey in its submerged lands; to the Committee on the Public Lands.

2463. By the SPEAKER: Petition of Alida A. Patts, of San Francisco, Calif., petitioning consideration of their resolution with reference to Works Progress Administration deficiency appropriation; to the Committee on Appropriations.

2464. Also, petition of Omega Psi Phi Fraternity, by William P. Robinson, petitioning consideration of their resolution with reference to military affairs and House bills 3317 and 3318; to the Committee on Military Affairs.

SENATE

WEDNESDAY, APRIL 12, 1939

The Senate met at 2 o'clock and 15 minutes p. m.

The Chaplain, Rev. ZēBarney T. Phillips, D. D., offered the following prayer:

O God, forasmuch as without Thee we are not able to please Thee, mercifully grant that Thy holy spirit may now guide and direct our thoughts; and may the words of our mouths and the meditation of our hearts in this sacred, holy service be acceptable unto Thee, O Lord, our strength and our redeemer. Amen.

FUNERAL OF SENATOR LEWIS

The casket containing the body of the deceased Senator had been previously brought into the Senate Chamber and placed in the area in front of the desk, surrounded by many floral tributes.

The committee appointed by the Vice President, on the part of the Senate, to take order for superintending the funeral of the deceased Senator, consisting of Senators LUCAS, BARKLEY, McNARY, BORAH, ASHURST, PITTMAN, KING, CAPPER, GEORGE, WAGNER, VANDENBERG, BAILEY, AUSTIN, CLARK of Missouri, GERRY, and MINTON were seated to the right of the Vice President.

The committee appointed by the Speaker of the House to attend the funeral of the deceased Senator, consisting of Messrs. SABATH, McANDREWS, PARSONS, BEAM, KELLER, KELLY, SCHUTZ, ALLEN of Illinois, DIRKSEN, KOCIALKOWSKI, SCHAEFER of Illinois, ARENDS, CHURCH, McKEOUGH, MITCHELL, REED of Illinois, ARNOLD, FRIES, MASON, BARNES, CHIPERFIELD, JOHNSON of Illinois, MACIEJEWSKI, MARTIN of Illinois, SMITH of Illinois, WHEAT, and Miss SUMNER of Illinois, entered the Chamber and were seated to the left of the Vice President.

The VICE PRESIDENT. The invited guests of the Senate will be escorted to the places assigned them.

The Members of the House of Representatives, preceded by the Sergeant at Arms and the Clerk and by the Speaker, entered the Senate Chamber. The Speaker was escorted to a seat on the left of the Vice President, and Members of the House were given the seats provided for them.

The members of the Diplomatic Corps entered the Chamber and were seated to the left of the Vice President's desk.

Members of the Supreme Court of the United States, accompanied by the Marshal and the deputy clerk, entered the Chamber and were seated in the area to the left of the Vice President's desk.

The Chief of Staff of the Army, the Chief of Naval Operations, the Major General Commandant of the Marine Corps, and the Commandant of the Coast Guard entered the Chamber and were seated in the area to the left of the Vice President's desk.

Mrs. Lewis and relatives and friends of the deceased Senator entered the Chamber and were seated in the area below and to the left of the Vice President's desk.

Rev. ZēBarney T. Phillips, D. D., Chaplain of the Senate, and Rev. James Shera Montgomery, D. D., Chaplain of the House of Representatives, took their places at the Secretary's desk.

The President of the United States, accompanied by his military and naval aides, and the members of his Cabinet, preceded by the Sergeant at Arms of the Senate, entered the Chamber and were seated in the area in front and to the right of the Vice President's desk.

Mr. Arthur O'Brien, representative of Hon. Henry Horner, Governor of the State of Illinois, and five Members of the Senate and six Members of the House of Representatives of the General Assembly of the State of Illinois, appointed to attend the funeral of the deceased Senator, were seated in the west reserved gallery.

Miss Helen Howison, of the city of Washington, sang Lead, Kindly Light.

Lead, Kindly Light, amid the encircling gloom,

Lead Thou me on!

The night is dark, and I am far from home—

Lead Thou me on!

Keep Thou my feet; I do not ask to see

The distant scene—one step enough for me.

I was not ever thus, nor prayed that Thou

Shouldst lead me on.

I loved to choose and see my path; but now

Lead Thou me on!

I loved the garish day, and, spite of fears,

Pride ruled my will; remember not past years.

So long Thy power hath blessed me, sure it still

Will lead me on,

O'er moor and fen, o'er crag and torrent, till

The night is gone;

And with the morn those angel faces smile

Which I have loved long since, and lost a while.

The Chaplain of the Senate recited from the Episcopal burial office as follows:

I am the resurrection and the life, saith the Lord. He that believeth in Me, though he were dead, yet shall he live; and whosoever liveth and believeth in Me shall never die.

I know that my Redeemer liveth, and that He shall stand at the latter day upon the earth, and though this body be destroyed, yet shall I see God, whom I shall see for myself, and mine eyes shall behold, and not another.

We brought nothing into this world, and it is certain we can carry nothing out. The Lord gave and the Lord hath taken away; blessed be the name of the Lord.

Lord, let me know mine end and the number of my days, that I may be certified how long I have to live.

Behold, Thou hast made my days as it were a span long, and mine age is even as nothing in respect of Thee; and verily every man living is altogether vanity.

For man walketh in a vain shadow and disquieteth himself in vain; he heapeth up riches and cannot tell who shall gather them.

And now, Lord, what is my hope? Truly my hope is even in Thee.

Deliver me from all mine offences, and make me not a rebuke unto the foolish.

When Thou with rebukes dost chasten man for sin, Thou makest his beauty to consume away, like as it were a moth fretting a garment; every man therefore is but vanity.

Hear my prayer, O Lord, and with Thine ears consider my calling; hold not Thy peace at my tears; for I am a stranger with Thee and a sojourner, as all my fathers were.

Oh, spare me a little, that I may recover my strength before I go hence and be no more seen.

Lord, Thou hast been our refuge: from one generation to another.

Before the mountains were brought forth, or ever the earth and the world were made: Thou art God from everlasting, and world without end.

Thou turnest man to destruction: again Thou sayest, Come again, ye children of men.